



Islands Trust

Islands Trust Annual Report

2012-2013

Preserving *Island* communities, culture and environment

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Message from the Islands Trust Council Chair

Now at the midpoint of our 2011-2014 term of office, elected trustees are busy at the Council table and in their home communities, delivering on community needs and the Islands Trust preserve and protect mandate. Council members adopted a Strategic Plan in September 2012 that's tighter than in years past, helped by input from Council's formal public consultation program; a first for strategic plan development. I'm proud that Council adopted below-inflation budget increases this term, and am grateful to staff and trustees for efficient operations and identifying savings to maintain community and conservation service levels.

Coastal communities are under extra pressure these days, and with Council's support, I've worked with Council Vice-Chairs David Graham, Ken Hancock and Peter Luckham this year to propose ferry fare reform, better oil spill prevention programs and derelict vessel solutions, as well as to facilitate cooperation among regional districts to share island-appropriate community economic development models. Other coastal governments appreciate the Islands Trust's focus on constructive solutions and it is good to be working together more and more with our First Nations and local government partners.

Climate Change

Climate change will have serious consequences on our island ecosystems, from oceans to shorelines to forests, and on the economies and communities that depend on them, so we're taking action in three areas.

1) By becoming a carbon neutral organization, the Islands Trust will ensure there is no net increase in greenhouse gas emissions from its operations, as required by the BC Climate Action Charter. Carbon neutrality has been achieved in 2012 through three steps:

- performing an emissions inventory of our operations;
- implementing an action plan to reduce emissions; and
- purchasing carbon offsets to counteract emissions that cannot be readily reduced.

In 2012, the process to inventory our greenhouse gas emissions from operations showed that we needed to purchase 65 tonnes of carbon credits in order to become carbon neutral. We chose the Community Carbon Marketplace, an initiative of the Cowichan Energy Alternatives Society, which enabled our office operations to be carbon neutral for the first time, while investing in the local green economy. We hope the Community Carbon Marketplace will help grow the local low-carbon economy, generating a multiplier effect with benefits accruing locally.

I am pleased that as a signatory to the Climate Action Charter, the joint Provincial-UBCM Green Communities Committee has awarded the Islands Trust Level 3 recognition – 'Achievement of Carbon Neutrality'. The multi-level Climate Action Recognition Program was established by the committee as a way of acknowledging the progress and efforts being taken by local government leaders as they work to achieve their climate goals.

We are also continuing with steps to reduce our carbon footprint by:

- encouraging staff to share vehicles and use the Victoria and Nanaimo Car Share Programs;
- using paperless meeting management software to reduce paper consumption; and
- enabling webinar meetings rather than incurring travel emissions.

2) Trust Council is encouraging local trust committees to use local zoning to reduce greenhouse emissions. Local trust committees amended 18 island Official Community Plans last term as required by the Province. This term Council's Strategic Plan encourages local trust committees to implement their Official Community Plan climate change policies into Land Use Bylaw regulations that will actually reduce emissions. The Islands Trust created two renewable energy reports this year to help local trust committees incorporate wind and ocean-based geothermal energy technology into Land Use Bylaws.

3) Council's Strategic Plan this term also includes advocacy to reduce greenhouse gas emissions: this year we focussed on preventing the Raven Coal Mine, new coal exports barged through the Islands Trust Area and pipeline expansion with attendant oil tanker increases. Council's Strategic Plan also includes climate-change-related issues such as combating invasive species, protecting biodiversity and Species at Risk, encouraging local agriculture, protecting shorelines, and conserving water. All these reduce greenhouse gas emissions or help mitigate the impacts of climate change and have other community benefits as well.

Climate change sometimes feels like a problem of the future and sometimes our policy work on reducing greenhouse gas emissions gets pushed to the side in favour of what feels like an immediate emergency. I also appreciate there's fear associated with climate change impacts and what sacrifices might be necessary to abate it and fear isn't a helpful motivator. So I'm especially grateful to the trustees and community groups increasing local food security, pedestrian safety, ridesharing and community transit; they're cutting emissions while building community, and inspiring further action.

Community Stewardship Awards 2012

Each year, the Islands Trust recognizes individuals and groups who support the Islands Trust mandate with significant contributions towards preserving the community, culture or the natural environment of an island. In 2012 we had a record number of nominations with 14 individuals and four groups nominated for the awards.

The individual awards recipients in 2012 were Stuart Watson, Gambier Island, for his work with the Gambier Fire Equipment Group and Langdale Access Group; Margot Venton, North Pender Island, for working to protect the Southern Resident Killer Whale; and Anne Macey, Salt Spring Island, for supporting agriculture and food security.

Group awards went to the Gabriola Island Health Care Foundation, Society and Auxiliary for building the Gabriola Island Urgent Care Medical Clinic; the Hornby Quilters Group for 36 years of fundraising; and the Saturna Ecological Education Centre for building an Ecological School.

Peter Karsten of Denman Island was also acknowledged with a special enduring achievement award for conservation programs and projects.

In 2009, the Islands Trust added a new category to the Community Stewardship Award Program to recognize and encourage the actions of individuals and organizations that are working in the area of climate change.

Dr. Donald Marshall of Bowen Island received the 2012 climate change award for initiatives to reduce, reuse and recycle.

I am grateful to the many islanders who work to steward these beautiful islands.



Sheila Malcolmson, Chair, Islands Trust Council

Message from the Trust Fund Board Chair

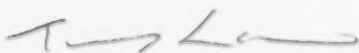
We can't protect that which we don't know we have. That was a point Auditor General John Doyle drove home in his 2013 *Audit of Biodiversity in BC*. Biodiversity is vital to our well-being, supplying us with food, water, air, soil and medicine. In his audit, Mr. Doyle assessed the province's effectiveness at protecting the biodiversity B.C. is renowned for, concluding that significant gaps exist in the government's understanding of the biodiversity that exists today. His number one recommendation was that government make a long-term commitment to collect sufficient and reliable information about the status of biodiversity in B.C. Without that data, the people of this province cannot make informed decisions about conserving the living environment that sustains us.

The Islands Trust Fund recognizes the need to understand our environment in order to plan how best to protect it. Over the past decade, the Islands Trust Fund has put emphasis on collecting biodiversity data and mapping the unique ecosystems of the Islands Trust area. We have mapped terrestrial ecosystems and determined which of those are most sensitive to human activities. We've identified the pieces in our island landscapes that play critical roles connecting our natural habitats, providing habitat for those species and ecosystems most endangered in the province. Most importantly, we're sharing data with partners - various levels of governments, conservation agencies and community groups - in the hope that we can work together and prioritize our actions to collectively achieve the best results for biodiversity in the islands.

This year, the Islands Trust Fund waded into the shallows of the Salish Sea to begin measuring the biodiversity of the terrestrial-marine interface that supports both the ecosystems on land and in the water. We partnered with the Seagrass Conservation Working Group and other marine conservation agencies and community groups to identify and map eelgrass and forage fish habitat along our islands' shorelines. Like our work collecting data on land, we hope this mapping will help us and our government partners make more informed decisions about the activities that impact these ecosystems.

All the while, we continue to use this data to inform our efforts to permanently protect the unique environment of the islands. We proudly protect 1,084 hectares of land within nature reserves and actively monitored conservation covenants. At any one time, our staff is engaged with several potential donors and partners on conservation proposals that will help meet our goals for protecting biodiversity.

We agree with Mr. Doyle, who said managing biodiversity is a complicated task. The Islands Trust Fund continues to work diligently to carry out this task, and to measure the results of that work. We hope these efforts demonstrate our ongoing contribution to protecting biodiversity values of importance to the province and all those who love the islands.



Tony Law
Chair, Trust Fund Board

Message from the Chief Administrative Officer

This fiscal year was a time of new beginnings, with trustees of the 2011-2014 term adopting their first annual budget in March 2012 and their first Strategic Plan in September 2012, reflecting the new priorities and objectives for the current term. As political priorities change, our staff adjust to new projects and challenges, some requiring new knowledge and approaches. Toward the end of the 2012-2013 fiscal year, adjustments had been made, newly-elected trustees had gained experience and much new work was well underway.

Behind the Scenes

Some of our staff work in roles that make them well-known in island communities, attending public meetings or answering calls from constituents. Others work at equally important jobs, less visible to the general public, but highly respected and valued by trustees and their colleagues. Some of the 'behind the scenes' work that has made the Islands Trust function well this year included:

Islands Trust Council meeting preparation

As a special-purpose form of local government, the Islands Trust has similarities and differences from other local government bodies in British Columbia. One of the more unique aspects is that the Islands Trust Council is responsible for more than 470 islands spread out along the southern coast of British Columbia and hence does not have a central 'council chambers' to hold its regular business meetings. Many years ago, the Islands Trust Council decided to meet quarterly over three days and to meet on various islands throughout the Islands Trust Area. The benefits are many, as Council members come to know many islands (and each other) during their term. Along with the senior staff who attend these meetings, they gain a greater understanding of the jurisdiction they serve, often learning new approaches they can use elsewhere. However, these arrangements create some logistical challenges. Thankfully, the Islands Trust's Executive Coordinator Marie Smith and Secretary Jas Chonk are up to the challenge! Often months before a meeting, they are busy making arrangements for up-coming Trust Council meetings, booking meeting places and accommodations, coordinating caterers and developing meeting schedules that meet the needs (and multiple ferry schedules!) of our 26 trustees. While staff with similar duties in other local governments may just walk down the hall to their council chambers, Marie and Jas must pack and transport all the necessities for a three-day meeting and set up Council meetings in a broad range of island venues, including agricultural buildings, church halls and theatres. They have a comprehensive checklist for their 'Council-in-a-Box' to make sure nothing essential is left behind and Marie is a master of adaptability as new challenges inevitably arise. In March of 2013 she capably arranged a very successful meeting on Thetis Island, the first held there in 25 years and the 71st meeting she's organized. That each Trust Council meeting goes so smoothly is a clear testament to the careful preparation and thought that goes on *behind the scenes*.

Advocating for Islanders

While the Islands Trust is often thought of as a land use planning and regulatory agency, the *Islands Trust Act* also gives Trust Council an important role in advocating, or speaking on behalf of islanders, particularly by offering advice as other levels of government develop or review policies that affect the communities and environment of the Islands Trust Area. Pages 20-24 of this Annual Report identify the more significant advocacy initiatives that Trust Council has taken in the 2012-2013 fiscal year, noting the new Advocacy Policy it adopted to guide this work. The issues cover a broad range of topics -- from ferry fares to oil spills, from aquaculture to mining. The Islands Trust has talented staff (Lisa Gordon, Director of Trust Area Services; Clare Frater, Policy Analyst and Laura Stringer, Communications Specialist) who work to

ensure Trust Council's advocacy initiatives are as effective as possible. They know that to be effective, advocacy must be credible, timely and constructive. Ideally, advocacy positions are well-grounded in public consultation and partnerships. The broad range of topics facing the Islands Trust Area demand staff who are nimble, thorough, and able to work with tight timelines and multiple priorities. The advocacy products that Lisa, Clare and Laura developed this fiscal year for the Islands Trust Council (the submission to the Ministry of Transportation and Infrastructure regarding BC coastal ferries is just one example) speak for themselves and are clear evidence of the superb, but sometimes unseen, work that goes on *behind the scenes*.

2012-2013 Staff – Comings and Goings

This fiscal year we said goodbye to several valued employees and celebrated the following promotions and new hires:

- **Natalie Tamosiunas**, Trust Fund Secretary, left the Islands Trust after three years to work in the private sector. **Emily Kozak** was hired August 28, 2012 to take her place.
- **Kaitlin Kazmierowski**, Island Planner at the Victoria office, left August 7, 2012 after three years with us, to take a planning position with the City of Richmond.
- **Kris Nichols** was promoted to Island Planner, filling the position vacated by **Kaitlin Kazmierowski**.
- **Kim Farris** was hired to replace **Kris Nichols** as a Planner I.
- **Jacquie Hill**, Planning Clerk on Gabriola Island for five years, left the Islands Trust in September, 2012 to take on a new position of Manager of Administrative Services with the Regional District of Nanaimo.
- **Lisa Webster-Gibson** was hired February 4, 2013 as the Planning Clerk for the Northern office, replacing **Jacquie Hill**.
- **Chris Jackson**, Regional Planning Manager of the Northern office, left the Islands Trust after 12 years to be the Manager for Community Planning for the City of Nanaimo in October 2012.
- **Courtney Simpson** was promoted from Island Planner to Regional Planning Manager, replacing **Chris Jackson** at the Northern Office on March 3, 2013.
- **Chloe Fox**, Island Planner in the Northern office for 18 months, left the Islands Trust on March 14, 2013 to pursue a PhD, focusing on urban / economic geography and heritage planning.
- **Aleksandra Brzozowski** was hired as an auxiliary planner in December, 2012 and won the competition to replace **Chloe Fox** as Island Planner in March 2013.
- **Geoff Kinnear** became permanent in the part-time Bylaw Enforcement Officer position on May 1, 2012.
- **Corlynn Strachan** became permanent in the part-time Receptionist position, on May 28, 2012.

Staff Recognition Awards

At the December 2012, meeting of Trust Council, I had the pleasure of presenting the sixth annual staff recognition awards. Our staff recognition award program was developed by staff to recognize the achievements and contributions of their colleagues.

The Service Excellence Award goes to an individual who provides excellent customer service (internally or externally), is courteous, cooperative and dependable, assists others and is an excellent team member. There were four nominations for the award this year. The winner of the Islands Trust Service Excellence Award for 2012 was Salt Spring Island's Planning Secretary, Claire Olivier for her commitment to service and to excellence in everything she does.

The Excellence in Leadership Award is for an individual who encourages teamwork, empowers the team, mentors staff and communicates well. The 2012 recipient of the Islands Trust Excellence in Leadership Award was Planner 2 Stefan Cermak, for his leadership in taking on challenging applications and policy issues.

The Unsung Hero Award goes to an individual who willingly takes on tasks no one else wants to do and for dependability, courtesy, cooperation and assisting others. The 2012 recipient winner was Planner 2 Stefan Cermak for arriving early, leaving late and often taking work home without complaint. Recipient of two awards, Stefan is obviously doing something right in the eyes of his colleagues!

The Legacy Award goes to a staff member who has done something that makes a significant difference for all of us who work for the islands. I was delighted to present the award to Christine Rikley, Fundraising and Communications Specialist, who received two nominations for taking the lead in developing the new website for the Islands Trust Fund.

The Champion Award is intended to go to an individual who champions the Islands Trust Policy Statement or strategic goals and has demonstrated this through a project or actions. This award may not be presented every year, and the last time it was presented was in 2008. This year in 2012 the award was given to Planner 1 Kristin Aasen for being a local champion of the Trust mandate through her work with applications and inquiries.

The Exceptional Team Effort Award is intended to go to a team, not an individual. It can be a regular team, ad hoc team or a special team formed for a project involved in overcoming major challenges, putting out exceptional effort beyond standard performance and exceeding normal expectations. In 2012 the award was given to the entire team that serves our Salt Spring Island Office -- Caitlin Brownrigg, Claire Olivier, Justine Starke, Kristin Aasen, Leah Hartley, Lisa Floritto, Pauline Brazier and Stefan Cermak for their exceptional service -- professional, accountable, efficient and cooperative. Congratulations all!



Linda Adams, Chief Administrative Officer

The Islands Trust Area

The Islands Trust Area covers the islands and waters between the British Columbia mainland and southern Vancouver Island, including Howe Sound and as far north as Comox, with the exception of Texada Island. It is approximately 5,200 square kilometres (2,000 square miles) in size and has a resident population of more than 25,000.

Located in the Strait of Georgia and Howe Sound, the Islands Trust Area is a unique and special place — a scenic archipelago of 13 large islands and more than 450 smaller islands and islets. The area provides habitat for an exceptional variety of species: more than 200 types of migratory and resident birds and numerous species of fish and other marine and intertidal life, terrestrial wildlife and vegetation. Outstanding scenery and recreational resources include panoramic viewpoints, sheltered bays, protected marine waterways and anchorages, all of which contribute to the beauty, appeal and tranquility of this area.

The unique natural environment of the islands in the Strait of Georgia and Howe Sound has given the area national recognition. Realizing this, the government of British Columbia enacted special protective legislation in 1974 entitled the *Islands Trust Act*. The *Act* states that the object of the Islands Trust is to "preserve and protect the Trust Area and its unique amenities and environment for the benefit of the residents of the Trust Area and of British Columbia generally, in cooperation with the municipalities, regional districts, improvement districts, other persons and organizations, and the government of British Columbia."



Organization & Responsibilities

The Islands Trust is a unique federation of local government bodies, including Bowen Island Municipality, which plans land use and regulates development in the Trust Area. Like other communities in British Columbia, island communities elect their local representatives every three years.

Two local trustees are elected for each group of islands designated as a local trust area or island municipality. For the twelve local trust areas, the two local trustees, together with an appointed chair from the Executive Committee, are responsible for the land use decisions within their local area. For Bowen Island Municipality, the two local trustees are part of a seven-member council that is responsible for all functions of a local government, including land use decisions. Unlike the Bowen Island Municipal Council, each local trust committee has jurisdictional authority for the smaller islands and water that surround the major island in that local trust area.

The Islands Trust consists of a number of distinct corporate entities: the Trust Council, Executive Committee, twelve local trust committees and Trust Fund Board.

The Islands Trust Council

The twenty-six member Islands Trust Council establishes general policies for carrying out the object of the Islands Trust. Trust Council also adopts an operational budget for the Islands Trust and manages the financial undertakings of all parts of the Islands Trust except for the Trust Fund, which manages its own operations. Trust Council appoints staff and auditors and adopts an annual budget. Tax levies on properties within the Trust Area are the primary funding source for the operations of the Islands Trust; additional revenue comes from a provincial grant and development application fees.

The *Islands Trust Act* requires Trust Council to implement the Trust Policy Statement that is applicable to the whole Trust Area. The Minister of Community, Sport and Cultural Development must approve the Policy Statement before it is adopted. The Policy Statement provides broad policy guidelines for Trust Council, the Trust Fund Board and the local trust committees and island municipality regarding the protection of ecosystems, the stewardship of resources and the promotion of sustainable communities. The positions and philosophy of Trust Council contained in the Policy Statement also constitute a policy framework for reference by the public and other agencies such as the regional districts of the Trust Area, the province and its agencies.

Trust Council has three standing committees of trustees — the Local Planning Committee, Trust Programs Committee and Financial Planning Committee — which provide policy advice to Trust Council on issues referred by the Council and on committee initiatives.

Executive Committee

The Executive Committee comprises the Chair of the Islands Trust Council and three Vice-Chairs, all of whom are elected for a three-year term by Trust Council from among its members. The Executive Committee carries out the daily business of the Islands Trust and reviews the bylaws of local trust committees to ensure compliance with the Islands Trust object and the Trust Policy Statement. The Executive Committee also acts as a local trust committee for the Ballenas / Winchelsea Island group north of Nanaimo.

Executive Committee

Sheila Malcolmson, Chair, Gabriola Island
David Graham, Vice-Chair, Denman Island

Ken Hancock, Vice-Chair, North Pender Island
Peter Luckham, Vice-Chair, Thetis Island

Local Trust Committees / Island Municipality

A local trust committee exists for each group of islands designated as a local trust area under the *Islands Trust Act*, except for Bowen Island, which is an island municipality.

Each local trust committee has three members — two locally elected trustees and one Executive Committee member who serves as Chair. A local trust committee is responsible for land use planning and regulation for its area of jurisdiction. The responsibilities include preparation and adoption of Official Community Plans, Land Use Bylaws, zoning and subdivision bylaws, regulation of soil removal and deposit, and authorization of permits under Part 26 of the *Local Government Act*.

The Bowen Island Municipality is served by a seven-member Council, which holds broad municipal powers including land use planning. Two of the municipal councillors are elected to Trust Council by the community.

The *Islands Trust Act* requires all local trust committees to submit all bylaws to the Executive Committee for approval before they can be adopted. Island municipalities must submit an Official Community Plan to the Executive Committee for approval before adoption. Any island municipality bylaw that refers to matters included in the Trust Policy Statement also requires Executive Committee approval. The *Islands Trust Act* and Municipal Letters Patent establish the necessary procedures, should the Executive Committee find a bylaw at variance or contrary to the Trust Policy Statement.

Trustees

The following trustees are members of the Islands Trust Council:

Bowen

Wolfgang Duntz, Andrew Stone

Denman

Laura Busheikin, David Graham

Gabriola

Sheila Malcolmson, Gisele Rudischer

Galiano

Louise Decario, Sandy Pottle

Gambier

Jan Hagedorn, Kate-Louise Stamford

Hornby

Alex Allen, Tony Law

Lasqueti

Peter Johnston, Susan Ann Morrison

Mayne

Brian Crumblehulme, Jeanine Dodds

North Pender

Ken Hancock, Gary Steeves

Salt Spring

George Grams, Peter Grove

Saturna

Paul Brent, Pam Janszen

South Pender

Mike Jones, Liz Montague

Thetis

Sue French, Peter Luckham

Trust Fund Board

The Trust Fund Board has six members: two trustees elected by Trust Council, one trustee appointed by the Executive Committee and three members appointed by the Minister of Community, Sport and Cultural Development for terms of one to three years.

As the conservation land trust of the Islands Trust, the Islands Trust Fund acquires and manages land for conservation, receives donations of land, conservation covenants and cash to help preserve places of natural or cultural significance within the Trust Area, and undertakes stewardship education activities. The Islands Trust Fund provides tax receipts for all eligible donations.

Every five years, the Trust Fund Board prepares an Islands Trust Fund Plan for approval by the Minister of Community, Sport and Cultural Development, to establish policies regarding the operations of the Islands Trust Fund. In 2010, the Trust Fund Board adopted the 2011-2015 Regional Conservation Plan, which will help the Islands Trust Fund and its partners focus limited resources on the areas and projects that yield the greatest benefit to biodiversity in the islands.

Trust Fund Board Members

Tony Law, Hornby Island (December, 2011 – present, Chair, January 2012 – present)

Peter Luckham, Thetis Island (December, 2011 – present)

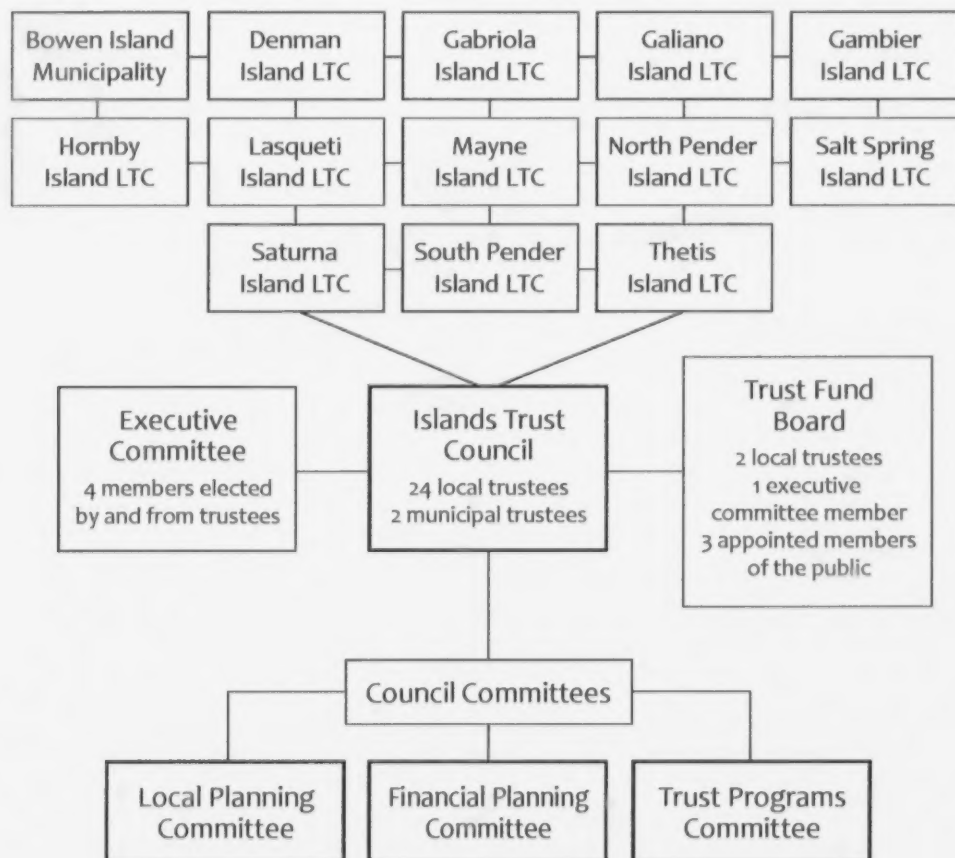
Susan Ann Morrison, Lasqueti Island (December, 2011 – present)

Dereck Atha, Mayne Island (Appointed Member, June, 2010 – present)

Julie Glover, Vancouver and Hornby Island (Appointed Member, December, 2011 – present)

Robert Grant, Vancouver and Denman Island (Appointed Member, July, 2009 – present)

Islands Trust Legislative Structure Local Trust Committees and Island Municipalities



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Annual Report 2012-2013

Accomplishments

2012-2013 Accomplishments

Strategic Plan for the 2011-2014 Term

Trust Council uses a strategic plan to set priorities and goals for each term. For the 2011-2014 term of office, Trust Council used innovative ways to seek public input about what the top priorities should be. At their first meeting after the election, trustees started discussing what they were hearing from constituents. After six months of discussion at Trust Council meetings, Council committee meetings and at local trust committee meetings, Trust Council approved a draft strategy for public comment with ten potential objectives.

The July, 2012, consultation process asked islanders to identify which of the ten proposed objectives mattered most to them and whether anything was missing. People could respond to the draft in four ways: 1) write via fax, mail or e-mail; 2) address Trust Council in person; 3) complete a survey; and 4) participate in an online discussion using PlaceSpeak.

In August, 2012, Trust Council's committees considered the written input, and in September, 2012, Trust Council considered additional input and the committees' recommendations. Trust Council adopted its 2011-2014 Strategic Plan in September 2012 and updates it at every quarterly meeting to align Trust Council's strategic priorities with its staff resources and budget.

The goals for this term are:

Goal A Ecosystem Preservation and Protection

The Islands Trust will work to protect the natural environment of islands by:

- Encouraging and enabling islanders in voluntary stewardship actions that protect special areas, including the shoreline
- Working to protect fish habitat under BC's *Riparian Areas Regulation*
- Protecting special ecosystems, managing shoreline areas and reducing greenhouse gas emissions when land use decisions are made
- Advocating for new approaches to oil spill preparedness, derelict vessels, industrial developments, aquaculture, marine sewage and national marine conservation.

Goal B Stewardship of Island Resources

The Islands Trust will focus on good management of island water resources by:

- Encouraging voluntary stewardship, advocating for legislative reform and exploring creative solutions for watershed management
- Using land use planning tools and decisions to protect the quality and quantity of water resources.

Goal C Sustain Island Character and Healthy Communities

The Islands Trust will work to enhance the economic sustainability and security of island communities by:

- Creating linkages between islanders and regional districts to share effective economic development models
- Continuing to advocate for sustainable, affordable and appropriate ferry services
- Using land use planning tools and decisions to positively affect housing affordability, food security and farmland protection.

Goal D In Cooperation with Others

The Islands Trust will work with others by:

- Strengthening relations with the many First Nations who have interests in island land use decisions
- Continually working to improve our organizational effectiveness.

Trust Council's work flows from this strategic plan. A copy of the complete plan is available on the Islands Trust website at <http://www.islandstrust.bc.ca/tc/pdf/strategicplan2011-2014-mar2013.pdf>.

1. Executive Committee

The Executive Committee has a variety of responsibilities. In addition to the responsibilities of individual members who serve as chair of local trust committees, the committee oversees external communications for the Islands Trust, liaises with the provincial government, reviews and implements the Trust Policy Statement and conducts other functions as directed by Trust Council.

Grants Program

The grants program seeks funding from outside agencies to enable Trust Council, local trust committees and island municipalities to take on strategic projects without taxing island property owners.

During 2012-2013, the Islands Trust received \$85,184 as a general provincial grant and six grants to support four specific projects. Many of the 2012-2013 projects are multi-year and represent grants totaling \$137,900 carried over from 2010-2011 and 2011-2012. The focus of the grants program for 2012-2013 was to continue supporting these ongoing projects until receiving further direction from Trust Council's 2011-2014 Strategic Plan, adopted in September 2012.

- Investment Agriculture Foundation of British Columbia continued its support of the Denman Island Agriculture Area Farm Plan, which was completed in November 2012.
- Pacific Climate Impacts Consortium continued its support of the Integrated Shoreline and Watershed Mapping project, as part of the Green Shores for Homes program, which was completed in December 2012.
- The Real Estate Foundation of British Columbia and the Stewardship Council for BC continued their support of the Trust-area wide, ongoing Green Shores for Homes program.
- Solar BC continued its support of the Community Energy System on Lasqueti Island.
- The Ministry of Transportation, under the Bike BC program, supported the Islands Trust with an in-kind grant to attend the VeloVillage Conference in June 2012.

Communications

News Releases

The Islands Trust issued 27 news releases in 2012-2013 on subjects including bylaw enforcement, public input on the annual budget, quarterly Islands Trust Council meetings and agendas, land conservation activities, Community Stewardship Awards, special initiatives, court decisions and BC Ferries. Islands Trust news releases are distributed to local media throughout the Islands Trust Area and outlying media interested in the area, other elected officials, and other interested agencies and governments, as well as subscribers to the Islands Trust electronic distribution service.

Electronic Communications

In 2012-2013 the Islands Trust website had 85,678 visits and 234,981 individual page views. Senior staff have been working with contractors to implement two significant innovations in electronic services to citizens; a new website with a meeting calendar tool and a software system called E-Scribe to better manage and distribute meeting documents. Technical difficulties in integrating the calendar tool with the meeting management tool have delayed the website launch until mid-2013. Staff training is now complete, enabling all three regional offices to update web content quickly and easily.

Anyone may subscribe to e-mail notifications of information including news releases, chair correspondence, local island updates, meeting schedules and new publications. Nearly 2,000 subscribers take advantage of this service. To subscribe to one or more topics click "subscriber options" on the homepage.

The Islands Trust also has a twitter feed under the user name Islands_Trust.

2012-2013 Executive Committee Advocacy

The Executive Committee takes direction for its advocacy program from both the Trust Policy Statement and Trust Council's Strategic Plan. The Policy Statement states that *to achieve its object, the Islands Trust must be an educator, coordinator, and initiator, guiding individuals, organizations and other agencies in support of the object. While the Islands Trust can provide the necessary leadership, responsibility for stewardship of the Trust Area rests with many. Individuals, other government agencies, organizations, and the Province itself all have important roles to play. Cooperative actions are required of other agencies, organizations and individuals to ensure that activities are carried out in a manner that is sensitive to the needs of Trust Area ecosystems and island communities.*

In response to concerns raised by communities through their elected trustees and supported by multiple 2011-2014 Strategic Plan objectives, Trust Council continued to support enhanced levels of advocacy. The resulting letters from the Trust Council Chair as well as submissions by the Executive Committee can be read in full on the Islands Trust website.

In September 2012, Trust Council adopted a new Advocacy Policy (Policy 6.10.iii) to:

- Provide guidelines for advocacy activities in the context of legislation and policy;
- Define policies and procedures for effective advocacy;
- Ensure that advocacy positions are credible and supported by public process; and
- Clarify roles and responsibilities for implementing this policy, for the benefit of Islands Trust as well as the public and agencies involved in advocacy in the Islands Trust area.

In 2012-2013, the Executive Committee took action on Trust Council's advocacy priorities by writing letters, giving presentations, hosting an information session, passing resolutions, and working with partners on the following topics:

Ecosystem Preservation and Protection

Oil spill preparedness and response: (consistent with Policy Statement policies 3.1.9; 5.3.8)

In April 2012, the Islands Trust Council Chair, Sheila Malcolmson, provided a presentation during the "Role of Local Government during Oil Spill Response" session at the Association of Vancouver Island and Coastal Communities convention. The Islands Trust had proposed the session to the Association of Vancouver Island and Coastal Communities and it was so well received it was offered twice during the convention. The Executive Committee also requested

that Trustee Sue French, Thetis Island, Trustee Mike Jones, South Pender Island, and a staff member represent the Islands Trust at a one-day Western Canada Marine Response Corporation 1,000 tonne oil spill exercise in Langford, BC.

In June 2012, Trust Council voted to oppose in principle oil pipeline projects that lead to the expansion of oil exports by barge and tanker from Canada's west coast because of concern about the risk of oil spills that could irrevocably damage coastal environments, economies and communities. Islands Trust Council Chair, Vice-Chair Peter Luckham, Thetis Island and Local Trustees Paul Brent, Saturna Island, Mike Jones, South Pender Island and Andrew Stone, Bowen Island Municipality participated in a two-day Western Canada Marine Response Corporation 10,000 tonne oil spill exercise in Richmond, BC.

In August 2012, the Islands Trust Council Chair spoke and provided a written submission to the Enbridge Northern Gateway Project Joint Review Panel to outline Trust Council's oil spill concerns.

In September 2012, the Executive Committee submitted to the Union of BC Municipalities a resolution and three-page background on the need for industry funding for BC oil spill prevention, preparedness and response. The resolution was not selected for debate but the Islands Trust Council Chair successfully amended a resolution by the City of Prince Rupert to include that message. Also in September, the Islands Trust Council held an oil spill response information session during its quarterly meeting on Bowen Island. The two-hour session featured speakers from the Western Canada Marine Response Corporation and the Island Oil Spill Association (San Juan County, U.S.A.). After the session the Islands Trust Council Chair sent a letter to the President of the Western Canada Marine Response Corporation offering thanks for the staff presentation to Trust Council and requesting that Western Canada Marine Response Corporation work in conjunction with the Provincial Emergency Program to engage regional districts and local government on oil spill response planning.

In October 2012, the Islands Trust Council Chair wrote to the federal Minister of Natural Resources to encourage him to support the phasing out of crude oil exports from Canada's west coast by tanker and barge as part of a Canadian national energy strategy. The Chair also wrote the federal Minister of Fisheries and Oceans to request that Fisheries and Oceans Canada reinstate the services provided by the Canadian Coast Guard communication centres in Vancouver and Comox and the Kitsilano Coast Guard station in Vancouver's English Bay. In the letter she also expressed concern that the federal government is reducing and centralizing Canadian Coast Guard services and staff while projects such as the Asia-Pacific Gateway initiative are making billion dollar investments dedicated to increasing commercial shipping traffic through the Islands Trust Area, thereby increasing the risks of marine emergencies and oil spills.

In November 2012, the Islands Trust Council Chair wrote to the President of Kinder Morgan Canada regarding concerns about consultation on projected tanker traffic from the Trans Mountain Pipeline Expansion project.

In February 2013, the Islands Trust Council Chair attended the San Juan Marine Resources Committee 2013 Marine Managers Workshop on San Juan Island to learn and share information about transboundary issues related to prevention and readiness for major oil spills. The Islands Trust Council Chair also sent a letter to the provincial Minister of the Environment to express support for potential improvements to the provincial spill preparedness and response regime.

Derelict and Abandoned Vessels, Barges and Docks (consistent with Policy Statement policy 3.1.9)

In March 2013, the Islands Trust Council Chair wrote to the federal Minister of Transport, Infrastructure and Communities in response to the release of a Transport Canada report on the study of the extent of abandoned and derelict vessels in Canada. The Chair expressed support for creation of an inter-jurisdictional working group to study, encouraged the inclusion of local government representatives on the working group, and called for immediate interim funding for vessel removals.

Proposed National Marine Conservation Area Reserve in the southern Strait of Georgia (consistent with Policy Statement policies 3.4.2; 3.4.6)

In December 2012, the Islands Trust Council voted to:

- reaffirm its support for a National Marine Conservation Area Reserve in the Southern Strait of Georgia and affirm its support for enacting the entire perimeter (or larger) as currently proposed;
- recommend that local trust committee zoning be used by Parks Canada as the basis for defining the zoning in the National Marine Conservation Area Reserve Interim Management Plan; and
- propose that the Islands Trust be included in a joint management approach to the National Marine Conservation Area Reserve.

In February 2013, the Islands Trust Council Chair wrote to the BC and federal environment ministers to convey Trust Council's December resolutions regarding the proposed National Marine Conservation Area Reserve and copied the letter to local governments and First Nations within the National Marine Conservation Area reserve study area. The federal Environment Minister / Minister Responsible for Parks Canada responded by explaining that ongoing discussions with local governments, local communities and First Nations provide valuable input and will contribute to the final determination on the feasibility of establishing a National Marine Conservation Area reserve and advising on a preferred boundary.

Raven Underground Coal Mine (consistent with Policy Statement policy 3.1.9)

In October 2012, the Islands Trust Council Chair wrote to staff at the BC Environmental Assessment Office and at the Canadian Environmental Assessment Agency to request that during their review of the Compliance Coal Corporation's application for the proposed Raven Underground Coal Project they exercise due regard for the special nature of the Islands Trust Area and the fact that the *Islands Trust Act* was established to ensure the preservation and protection of the Islands Trust Area. The Chair relayed the Islands Trust Council's concern that environmental monitoring requirements established for Baynes Sound in the Raven Underground Coal Project Application Information Requirements / Environmental Impact Statement Guidelines could have been more rigorous in recognizing the special nature of the Islands Trust Area. Staff members replied in November and explained that detailed monitoring requirements would be developed, as needed, once the BC Environmental Assessment Office and the Canadian Environmental Assessment Agency receive information about potential impacts of the proposed Project.

Aquaculture (consistent with Policy Statement policy 4.5.1)

In November 2012, the Islands Trust Council Chair wrote to staff at the BC Shellfish Growers Association to express the Islands Trust Executive Committee's interest in having Islands Trust staff work with the association during the rewriting of their environmental code of practice.

Coal Export Increase (consistent with Policy Statement policy 3.1.8 and 5.3.8)

In December 2012, as resolved by Islands Trust Council, the Chair signed an open letter to the Vancouver Fraser Port Authority outlining concerns about coal export increases that would increase coal barge traffic through the Lasqueti Trust Area.

Mineral Tenures (consistent with Policy Statement policy 4.6.1)

In January 2013, the Islands Trust Council Chair wrote to the BC Minister of Energy, Mines and Natural Gas to request that the ministry consider regulations that would reserve the Islands Trust Area from the staking of mining claims and exploration under the *Mineral Tenure Act* as a way to achieve the intent of the Islands Trust Policy Statement that there be no extraction of minerals in the Islands Trust Area.

Coastal Douglas-fir zone (consistent with Policy Statement policy 3.2.1)

In March 2013, Islands Trust Council voted to endorse the "Coastal Douglas-fir and Associated Ecosystem Conservation Partnership" goal of bringing governments, organizations and individuals together to collaboratively address ongoing threats to the conservation of the Coastal Douglas-fir biogeoclimatic zone; home to the highest number of species and ecosystems at risk in British Columbia.

Sustainable Communities

Cycle Paths (consistent with Policy Statement policy 5.3.7)

In April 2012, the Islands Trust wrote to the BC Minister of Transportation and Infrastructure urging investment in cycling infrastructure in rural communities, and welcoming the announcement of ministry funding for new cycle paths on Salt Spring Island.

BC Ferries Fares and Service (consistent with Policy Statement policy 5.3.1)

At the Union of British Columbia Municipalities Convention in September 2012, the Islands Trust Council Chair met with coastal Regional District Chairs to compare the impacts fare increases are having in communities. The Islands Trust Council Chair also participated in a meeting with the provincial Minister of Transportation to discuss a planned public consultation about BC's coastal ferries.

In December 2012, the Islands Trust submitted a position paper to the Ministry of Transportation and Infrastructure in response to the ministry's BC coastal ferries consultation process. In the eight-page submission, the Islands Trust made four specific requests:

1. The provincial government needs to recognize the coastal ferry service as an essential and integral part of BC's transportation infrastructure and fund it accordingly, taking full responsibility for future capital costs;
2. In the meantime, the provincial government should immediately provide sufficient funding to significantly reduce fares on the minor routes, as island communities have been hard hit by substantial cumulative fare increases;
3. In addition, the province should follow the recommendation of the BC Ferry Commissioner to cushion fuel price volatility in order to hold future price cap increases at the rate of inflation; and
4. More detailed and specific consultations must occur with island communities before any significant service changes or cuts are considered.

The Islands Trust sent the submission to the Minister of Transportation and Infrastructure with a letter that emphasized the need for the provincial government to recognize coastal ferry service as an essential and integral part of BC's transportation infrastructure, and fund it accordingly. The Islands Trust also issued a news release about the submission that emphasized that the cost of using BC Ferries is a crucial issue for Islands Trust area constituents. The news release explained that the substantial cumulative fare increases over the last decade (up an average of 80% and up 133% on some routes) are hurting families, businesses and community well-being. The news release further explained that by reinvesting in the minor routes to reduce fares and jumpstart ridership, the provincial government can help restore the economic and social health of ferry-dependent communities and the province.

Smart Meters (consistent with Policy Statement policy 5.3.1 and 5.8.1)

In October 2012, in response to concerns by Islands Trust Area residents regarding the BC Hydro Smart Metering Program, Chair Malcolmson wrote to the provincial Minister of Energy, Mines and Natural Gas to request that he encourage BC Hydro to offer a well-publicized opt-out option for island customers who do not wish to have a smart meter installed on their home.

Establishment of a Department of Peace (consistent with Policy Statement goal: 'Sustain island character and healthy communities')

In October 2012, in response to a request by islanders, the Islands Trust Council Chair wrote to the Prime Minister of Canada to request that the Canadian government establish a Department of Peace. In November, the Islands Trust Council Chair also wrote to the five Members of Parliament elected in the Islands Trust Area to request that they support legislation to establish a federal Department of Peace.

Other Executive Committee Highlights

Working in Cooperation:

2012 Union of British Columbia Municipalities Annual Convention September 24-28

The annual UBCM convention allows Islands Trust representatives to meet and share ideas with MLAs and Electoral Area Directors. Chair Sheila Malcolmson and Vice Chairs Ken Hancock and Peter Luckham attended the convention on behalf of the Islands Trust Council. Municipal Trustee Andrew Stone attended the convention on behalf of the Bowen Island Municipal Council. Bowen Island Mayor Jack Adelaar and Councillors Alison Morse and Lucas Cro also attended. Chief Administrative Officer Linda Adams attended the conference as well.

Islands Trust representatives met with MLAs Murray Coell – Saanich North and the Islands (Salt Spring/Southern Gulf Islands) and Nicholas Simons – Powell River Sunshine Coast (Gambier) as well as Electoral Area Directors Wayne McIntyre – Capital Regional District (Salt Spring Island), Davie Howe – Capital Regional District (Southern Gulf Islands), Maria Harris – Metro Vancouver Regional District (Gambier), Andrew Stone – Metro Vancouver Regional District (Bowen), Mel Dorey – Cowichan Valley Regional District (Thetis), Bruce Jolliffe – Comox Valley Regional District (Denman and Hornby), Garry Nohr – Sunshine Coast Regional District (Thormanby), Lee Turnbull – Sunshine Coast Regional District (Gambier and Keats), Howard Houle – Nanaimo Regional District (Gabriola) and Merrick Anderson – Powell River Regional District (Lasqueti).

Chair Sheila Malcolmson also met with coastal Regional District Chairs and BC Ferry Commissioner Gordon Macatee to discuss impacts of fare increases on coastal communities.

San Juan County

At their June 2012, meeting on the Pender Islands, members of Islands Trust Council and the San Juan County Council exchanged information and discussed areas of mutual interest, including the Greenshores project, shoreline stewardship, aquaculture, First Nations relations, derelict vessels, shipping safety/oil spill prevention response and the San Juan County broadband initiative. Green Shores is a program of the Stewardship Centre for BC, a non-profit organization to support an information based approach to minimize the impacts of human settlements on the shoreline. In conjunction with the San Juan Islands, the Islands Trust has been creating a rating system that would recognize property owners applying Green Shores principles. Other common issues discussed were food security, potable water and septic systems, affordable housing, vacation rentals and social diversity.

Joint Session with Bowen Municipal Council

In September 2012, the Islands Trust Council met on Bowen Island and discussed a number of topics of mutual interest with Bowen Island Municipal Council including Crown land acquisition; ferry fares and service; derelict vessels; Howe Sound issues (tanker traffic, oil spill preparedness and the Burnco Mine proposal) and Bowen Island Municipality input to Trust Council's Strategic Plan. See: <http://www.islandstrust.bc.ca/media/151616/tcltrocto32012bowenmunicipalityattach2.pdf>

Trust Council Presentations

Trust Council heard a number of presentations during Trust Council quarterly meetings:

- Bob Joseph, with Indigenous Corporate Training, provided a training session for Trust Council members with information and action about ways to explore options for strengthening relations with First Nations. A copy of the "Draft - Islands Trust First Nations Consultation Strategy Phase 1: Laying the Groundwork," produced by the Islands Trust First Nations working group, was provided for reference.
- Oil spill response with representatives from the Canadian Coast Guard, Western Canada Marine Response Corporation and the Island Oil Spill Association (San Juan County). Greenshores for Homes, a credit rating and incentive program being implemented in San Juan County and Shoreline Mapping. This project provides broad shoreline classifications for the 12 major islands in the Islands Trust Area and supports the Strategic Plan goal to advance the stewardship of coastal areas and marine shorelands. Funding for the public outreach portion is through a grant from the Real Estate Foundation of BC.
- Provincial Agricultural Land Commission Chair Richard Bullock, with regard to recent and planned changes.
- Working with the Islands Trust Fund about protecting special places, sharing information and the role of trustees and opportunities for improving communication and collaboration.

Delegations addressing Council in 2012-2013

At each quarterly meeting of the Islands Trust Council members of the public are invited to participate in a town hall session, a regular forum to promote dialogue between islanders and trustees.

At the June 2012, Islands Trust Council meeting on the Pender Islands, Council heard from several delegations:

- The Denman Island Marine Stewardship Committee about the impact of the shellfish industry on the marine environment surrounding Denman Island;
- Ramona deGraaf about issues related to marine foreshore usages (shellfish aquaculture);
- Michael Sketch, North Pender Island, about the Islands Trust Policy Statement; and
- Margot Venton, Pender Island, with regard to concerns about the Salish Sea and oil tankers.

At the September 2012, Trust Council meeting on Bowen Island, Council heard from a number of delegations:

- Chris Anderson, on behalf of Gulf Islanders for Safe Technology, about BC Hydro's smart meter program;
- Bruce Russell, on behalf of Friends of Mannion Bay, about derelict boats and live-aboards;
- Graham Brazier, on behalf of Denman Opposes Coal and Gulf Islands Alliance, about the proposed Raven Underground Coal Mine;
- Peter Snell, on behalf of Future of Howe Sound Society, about threats posed by the proposed Burnco Aggregate project at McNab Creek;
- Will Husby, Bowen Island, about applications for private moorage at Cape Roger Curtis; and
- Lisa Barrett, on behalf of Peaceworks of Salt Spring, about establishing a federal Department of Peace.

In December 2012, Trust Council met on Salt Spring Island and heard from the following delegations:

- Island Studies Conference, Gabriola Island; about the conference to be hosted May 10-12, 2013;
- Tom Varzeliotis, Salt Spring Island, about alternative local governance; and
- Jenny McClean, Salt Spring Island, about the agricultural land reserve and food security.

In March 2013, Trust Council met on Thetis Island and heard these delegations:

- Gulf Islands Alliance, Salt Spring Island, about Islands Trust Area governance;
- Thetis Island Nature Conservancy, to introduce the conservancy and describe its mission; and
- Peter Lamb and Elizabeth White, Salt Spring Island, about climate action.

Members of the public may address the Islands Trust Council at any of its quarterly scheduled meetings, currently held in March, June, September and December. This can be done formally, by making a delegation or presenting a petition, or informally at the town hall session. All correspondence, formal delegation presentations and petitions are available to the public.

Bylaw Approvals

Before a local trust committee can adopt a bylaw, the Executive Committee reviews all local trust committee bylaws that affect land use for compliance with the Trust Policy Statement. Before Bowen Island Municipal Council adopts an Official Community Plan Bylaw, the Executive Committee must approve the bylaw. The Executive Committee also comments on land use bylaws for the Bowen Island Municipal Council. In 2012-2013, the Executive Committee approved 28 bylaws.

Administrative Fairness

Islands Trust policy requires the reporting of the number of administrative fairness complaints received each year. There were five complaints in 2012-2013 regarding local trust committee or staff procedures and trustee conduct. Each complaint was handled according to Trust Council's policy. Complainants who are unsatisfied with the outcome of the Islands Trust's complaint handling procedure are advised of the option of making a complaint to the BC Office of the Ombudsperson. There were no complaints received by the Office of the Ombudsperson in 2012-2013.

2. Trust Council Advisory Committees

Every term, members of three standing committees of the Islands Trust Council (Local Planning, Trust Programs and Financial Planning) are appointed by the Chair to explore selected topics in detail and make recommendations to Council.

Local Planning Committee

Louise Decario, Galiano Island (Chair)
Brian Crumblehulme, Mayne Island
Sue French, Thetis Island
George Grams, Salt Spring Island (Vice-Chair)
Jan Hagedorn, Gambier Island
Pamela Janszen, Saturna Island

Peter Johnston, Lasqueti Island
Mike Jones, South Pender Island
Gisele Rudischer, Gabriola Island
David Graham, Denman Island,
Executive Committee Representative
Sheila Malcolmson, Gabriola Island,
Ex Officio Member

During 2012-2013 Trust Council asked the Local Planning Committee to focus on the following projects:

Shoreline Mapping Project and Green Shores for Homes

The Local Planning Committee received a report indicating that the mapping and classification of shorelines was complete and that the maps would be rolled out in 2012. Several local trust committees held Shoreline Workshops that addressed both Shoreline Mapping and Green Shores for Homes. Gambier Island held the Islands Trust's first webinar on the topics.

Development Approval Information Bylaw

The Local Planning Committee requested that staff prepare a request for decision report that encourages all local trust committees that have not done so to adopt a Development Approval Information Bylaw. The adoption of DAI bylaws is expected to provide greater certainty for applicants, staff and local trust committees with respect to impact information obtained for applications subject to the bylaw. When ready, the new model DAI bylaw will be attached to Trust Council Policy 2.1 viii.

Bylaw Enforcement Notification System

The Local Planning Committee continued to track progress of this system.

The Bylaw Enforcement Notice and Dispute Adjudication System provides a simple, fair and cost-effective method for dealing with straightforward bylaw violations. It is much less costly, complex and time-consuming than a system in which tickets can be disputed only by going to court. For more information go here: <http://www.islandstrust.bc.ca/lup/pdf/benbrochure.pdf>.

Development Permit Monitoring

The Local Planning Committee received an update regarding the need to develop an improved and consistent administrative mechanism and process to track, follow up and monitor development permits and how this need exists for temporary use permits and local trust committee covenants. The southern planning team is testing such a system as a pilot project.

Protection of Water Quality and Quantity

The Local Planning Committee passed a resolution directing staff to develop regulations and a toolkit that uses planning tools to protect water quality and quantity and develop a model water conservation development permit area bylaw.

Application Fee Review

The Local Planning Committee passed a resolution recommending to the Financial Planning Committee an increase of 10-15 percent to the current fees.

Renewable Energy Technologies

The Local Planning Committee continued work on development of model wording to encourage renewable energy technologies in the Trust Area. The first focal point was on encouraging domestic wind power technologies and a report was drafted including a model land use bylaw. Trust Council received the report for consideration. The second focal area was on ocean loop geo-exchange systems with a report that was circulated to all local trust committees and planning staff to inform them of the options for ocean loop geo-thermal systems and their status in other local trust areas. The third focus area will be micro-hydro projects. The report, *Renewable Energy Technology in the Trust Area: Topic 1 - Domestic Small Scale Wind Energy*, provides information on domestic wind energy and presents a tool kit of ideas that is designed to assist local trust committees and Bowen Island Municipality when developing land use regulations to accommodate domestic wind power. It is available here: <http://www.islandstrust.bc.ca/climatechange/pdf/renewableenergytechnologyjune2012.pdf>

Trust Programs Committee

Alex Allen, Hornby Island

Paul Brent, Saturna Island (Chair)

Laura Busheikin, Denman Island

George Grams, Salt Spring Island (Vice Chair)

Tony Law, Hornby Island

Liz Montague, South Pender Island

Kate-Louise Stamford, Gambier Island

Andrew Stone, Bowen Island Municipality

Ken Hancock, North Pender Island, Executive Committee Representative

Sheila Malcolmson, Gabriola Island, Ex Officio Member

Community Stewardship Awards

Annually, the Trust Programs Committee reviews all Community Stewardship Awards nominations and makes recommendations to Trust Council. The 2012 Community Stewardship Award recipients are reported under the Trust Council Chair's introduction on page 5.

Advice and Advocacy

The committee regularly provides advice on draft Islands Trust Council policies and decision documents. In 2012-2013 the Trust Programs Committee provided advice to Trust Council about the draft Advocacy Policy, the draft 2011-2014 Strategic Plan, the draft bi-annual legislative monitoring briefings, and a budget submission for BC Ferries advocacy work. The committee also supported Trust Council's advocacy program by reviewing and commenting on draft decision documents for Trust Council related to advocacy about tanker traffic expansion, the proposed Southern Strait of Georgia National Marine Conservation Area Reserve, derelict vessels and BC Ferries fares. The committee also provides oversight for the "Indicator Program," which provides research and statistics on social, economic or environmental trends on the islands and in the region.

Financial Planning Committee

Gary Steeves, North Pender Island (Chair)

Paul Brent, Saturna Island

Louise Decario, Galiano Island

Jeanine Dodds, Mayne Island

Peter Grove, Salt Spring Island (Vice-Chair)

Susan Ann Morrison, Lasqueti Island

David Graham, Denman Island, Executive Committee Representative

Ken Hancock, North Pender Island, Executive Committee Representative

Peter Luckham, Thetis Island, Executive Committee Representative

Sheila Malcolmson, Gabriola Island, Executive Committee Representative

2012-2013 Financial Plan

Ten trustees from across the Islands Trust Area serve on this committee and make recommendations to Trust Council about the Islands Trust budget. For 2013-2014 the Financial Planning Committee recommended that the Islands Trust Council adopt a budget of \$6.9 million. This figure consists of an increase of \$133,517 in expenditures and an increase in revenues of \$55,490, which would result in a 1.3% increase in Islands Trust property taxes for 2013-2014. The recommended budget was approved by Trust Council at its March 5-7, 2013, meeting on Thetis Island and means a tax increase of approximately \$4.10 for a property assessed at \$450,000. Islands Trust taxes vary between 10-20% of the total tax bill for a typical property in the Islands Trust Area, depending on what other property taxes are levied for services on a particular island.

The increase is caused by a number of factors. Primarily, compensation has increased because of the staff's union contract ratification on November 7, 2012, which included a 4% increase over the fiscal years 2012-2013 and 2013-2014; an increase in benefit rates from 23% to 24%; and a 1.5% increase in Trustee Remuneration as per the Trustee Remuneration Policy. In response to increased community demand for access to information, the draft budget includes increased capacity to improve public communication and streamline information sharing tools. Where increases were required to maintain or improve existing levels of service to the public or to complete on-going programs or where inflationary increases have been unavoidable, efforts were made to offset the impact as much as possible by cuts to such other items as telephone and internet charges.

The budget also funds several other strategic programs although overall spending on projects has been reduced from 2012-2013 by \$15,050. These projects have significance throughout the Islands Trust Area and some have importance to individual island communities. These projects will support advancement of community work in addressing local planning issues in all local trust areas. In addition to public consultation, specific work would be related to a variety of strategic initiatives including groundwater and shoreline protection, short-term vacation rentals, and community economic stability

Highlights of the 2013-2014 Budget include:

- A net increase in expenditures of \$133,517
- A 1.3% increase to property taxes equivalent to the December, 2012, Consumer Price Index for Victoria
- No Special Property Tax Requisitions have been received from Local Trust Committees
- A transfer of funds from the General Revenue Surplus Fund of \$323,814 was recommended, resulting in a projected General Revenue Surplus Fund Balance of \$1.8 million at March 31, 2014
- Ongoing service levels from 2012-2013 are maintained
- A reduction in Provincial Grant revenues based on the March 2012 Strategic Community Investment Fund three-year agreement
- BCGEU Collective Agreement changes (ratified November 7, 2012) including a 4% wage increase during fiscal years 2012-2013 and 2013-2014
- An estimated increase to Trustee remuneration of 1.5% based on Policy 7.2.i Trustee Remuneration
- A number of local trust committee initiatives are included that will be incorporated into an annual plan for Local Planning Services
- Two staffing level increases have been included in the draft budget: (1) an additional position in Administrative Services –Computer Applications Support and (2) Additional hours for a Bylaw Enforcement Officer (equivalent to .2 FTE)

- A number of Program Requests were recommended by the Financial Planning Committee:
 - o Two Trust Fund Board program requests (Eelgrass Bed Mapping and Forage Fish Habitat Mapping)
 - o BC Ferry Fares Study Scoping Project
 - o Leadership development/training project
 - o Applications systems projects for SharePoint and time allocation software
- \$71,000 has been allocated to Riparian Area Regulations (RAR) projects.

3. Local Trust Committees and Bowen Island Municipality

There is a local trust committee for each group of islands designated as a local trust area by regulation under the *Islands Trust Act*. A local trust committee is responsible for advancing the object of the *Act* through land use planning and regulation for its area of jurisdiction.

Day-to-day planning activities of local trust committees and the Bowen Island Municipality included application processing; public, agency and trustee inquiries; local trust committee or municipality meetings; and Board of Variance support.

Ballenas-Winchelsea (Executive) Local Trust Committee

The planning and administration of the Local Trust Area was transferred to the Northern Office in late 2012. Staff continue to work on the development of the first Official Community Plan and Land Use Bylaw (LUB) for the Ballenas-Winchelsea Group. Referrals for Draft Bylaw No. 27 (OCP) and Draft Bylaw No. 28 (LUB) were sent out in late 2011 and early 2012. The Executive Committee, acting as a Local Trust Committee, is continuing to review and work with the comments received. Key issues include recognition of First Nations concerns, shellfish aquaculture, the disposal of Crown lands and ecosystem protection. The Executive Committee, acting as a Local Trust Committee, has faced challenges regarding capacity for First Nations consultation and aquaculture leases including seaweed harvesting.

Bowen Island Municipality

Councillors Wolfgang Duntz and Andrew Stone represent Bowen Island Municipality on the Islands Trust Council. Bowen Island Municipality produces its own annual report, which can be found online at <http://www.bimbc.ca>.

Denman Island Local Trust Committee

The Denman Island Local Trust Committee held 10 regular business meetings in the 2012-2013 fiscal year. This fiscal year saw the completion and endorsement of the Denman Island Farm Plan. Work began on addressing the negative impacts of certain aquaculture practices and possible regulatory measures to mitigate these on the Denman Island shoreline. The Local Trust Committee established a Marine Advisory Planning Commission to advise on this work. Public consultation in 2012 focused on a proposed Bylaw Enforcement Notification Bylaw, which was ultimately defeated. A call was brought forward from the community for a review of various housing policies, including affordable housing and visitor accommodation. This was added to the work program.

A stream mapping and assessment contract was completed for the Morrison Marsh watershed as a first step to complying with provincial *Riparian Areas Regulation*. Amendments to Development Permit Area 4: Streams, Lakes and Wetlands, as well as an accompanying Development Approval Information Bylaw, were drafted and reviewed in anticipation of completing mapping later in 2013.

A small number of development applications were reviewed in the 2012-2013 fiscal year, including applications to the Agricultural Land Commission. Work continued on the rezoning application from the Denman Community Land Trust Association for affordable housing.

Gabriola Island Local Trust Committee

The Gabriola Island Local Trust Committee held 11 regular business meetings and two community information meetings in the 2012-2013 fiscal year. Work began with the completion of a survey on community engagement preferences, the results of which indicated a strong desire among the Gabriola community to see more opportunities for online engagement.

These results fed into continued work on the Gabriola Island Official Community Plan review, which focused on the creation of development permit areas for riparian areas, in order to comply with the provincial *Riparian Areas Regulation*, and for steep slopes hazard areas. A website was developed to provide background information and updates on the project and offered opportunities for community members to comment online through a blog function. The steep slopes portion of the project was ultimately deferred, while first reading was given to a bylaw establishing a new development permit area for riparian areas. In conjunction with this project, the Local Trust Committee gave first reading to bylaws designating circumstances and/or areas for which development approval information may be required and intends to forward an accompanying Development Approval Information Bylaw to Trust Council for consideration in 2013.

During the 2012-2013 fiscal year, the Local Trust Committee also adopted a Bylaw Enforcement Notification Bylaw as well as a policy regarding the powers and duties of appointed screening officers.

Work continued on several rezoning applications from previous years, as well as a number of new development permit and development variance permit applications. The Local Trust Committee also considered, and ultimately chose not to support, a proposal to Industry Canada for the siting of a new radio tower on Gabriola Island.

Galiano Island Local Trust Committee

The Galiano Island Local Trust Committee held 12 regular business meetings, three special meetings and two public hearings. The Local Trust Committee received and considered applications or referrals for one development permit, four development variance permits, five building permits, a crown land referral, three covenants and two subdivision referrals. The Local Trust Committee also concluded several applications received in the previous period, including three development variance permits and one temporary use permit.

Projects initiated or completed during this period included a series of phased amendments to the Land Use Bylaw, implementing policy changes identified in the Official Community Plan, which was amended in 2011, and improving clarity and consistency. In addition, the Local Trust Committee undertook steps to implement and support new development permit areas adopted in 2011 by referring a new Development Approval Information Bylaw to Trust Council for adoption and by undertaking a program of public engagement and administrative improvements (i.e. development permit checklists, brochure). Community education included hosting a workshop with a variety of speakers presenting on different aspects of shoreline stewardship.

Gambier Island Local Trust Committee

The Gambier Island Local Trust Committee held 11 regular business meetings, one public hearing, two community information meetings and two special meetings, ranging in location

from Gibsons, Vancouver, Keats and Gambier Islands. A new Land Use Bylaw for the Gambier Associated Islands was given first reading and is expected to be adopted by fall of 2013. A pilot web-based shoreline mapping presentation was delivered to residents and property owners. The event was successful at engaging the largest number of participants for the presentation in the Islands Trust Area. The Bylaw Enforcement Notification System was adopted for the Gambier Local Trust Area after considerable review.

Hornby Island Local Trust Committee

The Hornby Island Local Trust Committee held eight regular business meetings, one public hearing, one community information meeting and two special meetings for this fiscal period. The Vacation Home Rental Regulations were adopted after extensive community consultation. A pilot web-based information video regarding the vacation home rental regulations was developed and will be released in the spring of 2013. There was significant progress on the draft Official Community Plan and Land Use Bylaw with final adoption being targeted for early 2014.

Lasqueti Island Local Trust Committee

The Lasqueti Island Local Trust Committee held five regular business meetings. The Local Trust Committee also held the following workshops: Forage Fish; False Bay Parking and Master Plan; Integrated Shoreline and Watershed Mapping, and a Bylaw Enforcement Notification Bylaw.

The False Bay Parking and Master Plan project moved forward and agency cooperation was garnered. The Local Trust Committee continues to work with the provincial Ministry of Transportation and Infrastructure, the Powell River Regional District, and the Oceanside RCMP Detachment to resolve the parking issues in False Bay. The Local Trust Committee worked towards *Riparian Areas Regulation* compliance which included receiving a report entitled "Lasqueti Island Watershed Assessment for Presence of Fish Habitat". A new Lasqueti Island Advisory Planning Commission Base Bylaw was adopted.

A significant application to note was the approval of a temporary use permit to accommodate the Lasqueti Island Post Office move to its new location.

Mayne Island Local Trust Committee

Over the reporting period, the Mayne Island Local Trust Committee held nine regular business meetings and one public hearing. The Local Trust Committee received applications for two development variance permits, one temporary use permit, one development permit and one rezoning application. Staff received eight referrals from the Capital Regional District Building Inspection or Crown Lands. The Local Trust Committee also concluded several applications received in the previous period, including one additional temporary use permit and a rezoning. Significant applications that were concluded included two temporary use permits for short-term vacation rental and a temporary use permit for waste transfer on an industrial site.

Projects undertaken during this period included consideration of implementing a key recommendation of the Housing Options Task Force to permit secondary suites. The Local Trust Committee continued to consider options to bring its bylaws into compliance with the provincial *Riparian Areas Regulation*, with mapping of high tides in estuaries and review of options for proceeding. Finally, the Local Trust Committee gave direction to proceed with amendments to the Land Use Bylaw that would remove requirements for boundary adjustment subdivisions to prove potable water where there was an existing well on the property.

North Pender Island Local Trust Committee

Over the reporting period, the North Pender Island Local Trust Committee held 12 regular business meetings, three special meetings and three public hearings. The Local Trust Committee received applications for two development permits, five development variance permits, two temporary use permits, and three rezoning applications. Two new subdivision

applications were referred from the provincial Ministry of Transportation and Infrastructure, one Agricultural Land Reserve application was received and forwarded to the Agricultural Land Commission, while staff responded to 11 referrals for building permits and Crown licences. The Local Trust Committee also concluded several applications received in the previous period, including one development permit, two development variance permits, and two rezoning applications.

During 2012 the Local Trust Committee also advanced a number of projects. Amendments to the Associated Islands Bylaws for Sidney Island were taken through public hearing and third reading. A joint workshop was held with South Pender on shoreline mapping and the Local Trust Committee subsequently initiated work on an educational brochure on shoreline stewardship for waterfront owners and the community generally. The Local Trust Committee asked the Executive Committee to write to the provincial Minister of Energy and Mines seeking the reservation of the Islands Trust Area from the *Mineral Tenures Act*. A report on transportation issues was received from the Moving Around Pender advocacy group and the Local Trust Committee prioritized an amendment to its Official Community Plan transportation schedule to designate a future pedestrian and bicycle route and car stops.

Salt Spring Island Local Trust Committee

Policy Planning Top Priorities

A top priority in 2012-2013 of the Salt Spring Island Local Trust Committee has been to follow up and complete the work and recommendations of the Industrial Task Force from 2009. To do this the Local Trust Committee has commissioned an Industrial Land Needs Assessment and appointed seven volunteer members for a term of one year to an Industrial Advisory Planning Commission (IAPC). The IAPC are considering such matters as how to redefine and simplify zoning for industrial areas.

The Local Trust Committee also made progress in its priority to legalize secondary suites on Salt Spring Island. Proposed Bylaw 461 will allow secondary suites in certain areas of Salt Spring Island, within 600 metres of the public transportation corridor, and avoiding water sensitive areas. The bylaw permits one suite per lot, within the walls of the principal dwelling unit, and it must have a floor area of no more than 90 square metres (968 square feet).

Implementing the *Riparian Areas Regulation* has remained a Local Trust Committee top priority. In 2012-2013, the Local Trust Committee reviewed results of the pilot stream mapping project for St. Mary Lake and Cusheon Lake watersheds. The Local Trust Committee commissioned a peer review and sought public feedback on results of the pilot project and peer review. Based on feedback, the Local Trust Committee commissioned the stream mapping of five "high priority" watersheds, which include Stowell Lake, Weston Lake, Fulford Creek, Maxwell Lake, and Bullock Creek. Results are expected in April, 2013.

The Salt Spring Island Local Trust Committee has been restructuring its advisory bodies. A new Advisory Planning Commission (APC) Bylaw will amalgamate the existing Environmental Advisory Committee, the Advisory Design Panel, and the current Advisory Planning Commission. The new APC bylaw retains Salt Spring's Agricultural Advisory Committee as an Agricultural Advisory Planning Commission and continues to allow special project APCs to be created on an 'as needed' basis.

The Local Trust Committee also initiated work on watershed management, with a focus on working with other agencies on a St. Mary Lake Working Group, in order to improve the water quality of St. Mary Lake. St. Mary Lake is Salt Spring Island's largest drinking water lake and is subject to eutrophication and episodes of toxic algal blooms, causing unsafe drinking water (unless treated) and public advisories against swimming in the lake. The Local Trust Committee's role as a land use planning authority is to consider what changes to Official Community Plan policies, development permit areas, and land use bylaw regulations might be made to improve the health of the lake. However, the Local Trust Committee has expressed interest in the delegation of Trust Council powers that would provide it with broader powers to work collaboratively with other agencies in watershed management, for the protection of water resources.

During the year, the Local Trust Committee also completed a pilot study on video recording, which resulted in a decision to not video record its meetings, but rather to audio record the meetings and make the recordings publicly available on the Islands Trust website.

Current Planning

Throughout 2012-2013, the Local Trust Committee continued to consider the rezoning and OCP amendment application to permit the ongoing operation of Salt Spring Metal Recycling in a legal manner. The Local Trust Committee's final consideration concluded with resolving to proceed no further with the application.

Other applications of note included rezoning two properties to mixed-use/commercial on Rainbow Road in Ganges Village (with consideration in process of a third rezoning to commercial on this same road). Support has been given for a rezoning application by the Salt Spring Conservancy, which seeks to discharge a land use contract and rezone to allow conservation and education on sensitive watershed land. The Local Trust Committee also supported three applications to the Agricultural Land Commission, including one non-farm use application, to permit a farm worker's dwelling, and an exclusion application to allow industrial uses on a corner identified by the Salt Spring Official Community Plan as being ideal for industrial uses.

In total, over the course of the 2012-2013 fiscal year, the Local Trust Committee decided on ten development permits, seven development variance permits, three Agricultural Land Reserve applications, three heritage alteration permits, seven rezoning applications (with an additional eight still active), one strata conversion, two temporary use permits, and one soil deposit and removal registration. Staff also responded to nine subdivision referrals from the provincial Ministry of Transportation and Infrastructure and 45 building permit referrals from the Capital Regional District. There were a number of dormant applications closed and others have been moved closer to completion.

Saturna Island Local Trust Committee

The Saturna Island Local Trust Committee held five regular business meetings, one special meeting and three public hearings during this period. The Local Trust Committee received development applications and referrals, including an Agricultural Land Reserve referral, two development variance permits, three subdivision referrals and a temporary use permit.

The Local Trust Committee completed a number of projects during the year. The Local Trust Committee adopted amendments to its Official Community Plan and Land Use Bylaw (LUB) to designate and zone community parks. The OCP was amended to adopt a revised development permit area that brought the bylaw into compliance with the provincial *Riparian Areas Regulation*. The Local Trust Committee also adopted an amendment to its LUB to permit ocean loop geo-exchange systems in the marine zones. Finally, the Local Trust Committee initiated two new projects: to undertake a targeted review and update of its LUB and to review the policies pertaining to the Community Amenity Density Reserve.

South Pender Island Local Trust Committee

Over the reporting period, the South Pender Island Local Trust Committee held five regular business meetings and one special meeting. The Local Trust Committee received applications for two development variance permits and one temporary use permit. The Local Trust Committee also concluded one development variance permit received in the previous period.

During the year the Local Trust Committee proceeded with several projects. The Local Trust Committee undertook an on-line community survey to gauge opinion on a number of land use issues. During this period, the Local Trust Committee also commenced an initiative to make a number of amendments to the Land Use Bylaw. Finally, the Local Trust Committee initiated a project to increase shoreline awareness by expanding the public mapping website to include additional shoreline related data and educational materials.

Thetis Island Local Trust Committee

In 2012-2013 the Thetis Island Local Trust Committee held seven regular meetings and one community information meeting. It also hosted the Islands Trust Council quarterly meeting March 5-7, 2013, on Thetis Island for the first time in 25 years.

This fiscal year saw the completion and distribution of the Thetis Island Sustainability Guide and the commencement of the Thetis Island Associated Islands Official Community Plan/Land Use Bylaw project, which aims to bring several of the Thetis Island Associated Islands under one Official Community Plan and Land Use Bylaw. In 2012-2013, the Thetis Island Associated Islands community plan project comprised a number of community engagement activities including a community profile, two community surveys, the establishment of the Ruxton Island Advisory Planning Commission and a community information meeting on Ruxton Island.

Work continued on complying with *Riparian Areas Regulation* in the Ralston Creek watershed. Work also proceeded on issues of shoreline protection, including an education workshop event on recent shoreline and eelgrass mapping and the Green Shores for Homes program and one community consultation event on possible shoreline protection methods.

4. Legal Action

In accordance with the Islands Trust policies, enforcement actions are primarily triggered when the Islands Trust receives complaints from community members that indicate that individuals or corporations are not complying with the land use regulations that their locally-elected representatives have adopted. Efforts are then made to investigate complaints, educate violators and obtain voluntary compliance with a community's bylaws. In most cases, violators have a variety of options, including ceasing or amending their operations, or applying for variances or required permits. Islands Trust staff estimate that more than 90% of its bylaw investigation files are resolved before legal action is required. Legal action is only taken after other avenues to achieve compliance have failed. Local trust committees may request legal action if other avenues for achieving bylaw compliance fail. The Executive Committee considers and is responsible for approving the funding of any legal action requested by a local trust committee. During 2012-2013 court decisions were received in the following cases initiated by local trust committees:

Rock Wall on Keats Island's Maple Beach Ordered Removed

In June 2012, the Gambier Island Local Trust Committee reached an agreement with Joan and Ken Pedersen, who built a stone wall in the area of Keats Island's Maple Beach in 2010. The agreement committed the Pedersens to promptly remove the portion of the wall that the Local Trust Committee considers to be on the public part of Maple Beach. In recognition of the Pedersens' commitment, the Local Trust Committee adjourned the summary trial scheduled for June 13. The Pedersens also agreed to pay the Islands Trust for its costs to date in the litigation.

When the Pedersens constructed their retaining wall in the summer of 2010 without any permits, Keats Islanders expressed great concern about construction they felt encroached on one of the island's most popular public beaches. Survey information commissioned by the Gambier Island Local Trust Committee confirmed that a large portion of the wall was on public land. After giving the Pedersens several opportunities to comply with the bylaw by removing the retaining wall, the Gambier Island Local Trust Committee initiated legal proceedings against them in August 2010.

The illegal construction of shoreline walls is a growing concern on the islands and the bylaws are in place for good reasons. Waterfront property owners sometimes decide to build a wall along the shoreline to protect their property from erosion, but they can do considerable damage if they do it the wrong way. Poorly designed seawalls not only damage fish habitat and archaeological sites, they interrupt natural shoreline processes. Waterfront owners can actually increase erosion on their own and neighbouring properties. In this case, there were also significant impacts on a popular public beach.

No Court Appeal Planned for Westcoast Vacations Case on Salt Spring Island

In November 2012, at a regular business meeting, the Salt Spring Island Local Trust Committee announced it would not appeal a decision of the BC Supreme Court in a case launched last term against Westcoast Vacations Inc. – an agent for short term vacation rentals (STVRs) on Salt Spring Island. In late October, the Supreme Court of British Columbia released its reasons for not supporting an injunction that would have restrained Westcoast Vacations Inc. from using or facilitating the use of residential homes for STVRs on Salt Spring Island. The unsuccessful legal action focused on the activities of the vacation rental agent, rather than on individual property owners. While noting that STVRs are not a legal land use in Salt Spring Island's residential areas, the Honourable Mr. Justice Leask found that the activities of Westcoast Vacations did not, on their own, constitute a breach of the bylaw.

Denman Island Bylaws for Komass Bluff Upheld by BC Supreme Court

In February 2013, the Supreme Court of British Columbia upheld Denman Island bylaws that regulate development on the Komass Bluff. The decision relates to construction and land alterations at the crest and on the plateau above the Komass Bluff, on land owned by Daniel and Debra Stoneman of Denman Island.

The Stonemans' property lies within the Komass Bluff Development Permit Area, which requires geotechnical studies before such activities as tree-cutting and building construction can take place. In areas of BC that are subject to natural hazards, development permits are one of the primary mechanisms that local governments use to protect structures from flooding, mudflows, erosion, land slip, rock falls, avalanche and wildfire. While development is allowed, it must be done pursuant to permit conditions to reduce the risks associated with natural hazards. This normally happens as a matter of course. Legal action is very unusual, but this one property has now been the subject of three court cases.

In his Reasons for Judgment, the Honourable Mr. Justice Curtis found that the Stonemans breached the *Local Government Act* when they cleared and excavated their land, and constructed buildings and structures, including a path, stairs, a ramp, drainage works, a residence and accessory buildings within the Komass Bluff Development Permit Area without the necessary permits. The judgment prohibits the Stonemans from further altering the land within the Komass Bluff Development Permit Area without valid permits or further order of the Court. It also orders the Stonemans to:

- work with the Denman Island Local Trust Committee to either obtain the required permits, or remove any unpermitted structures and rehabilitate the property at their own expense;
- allow access to the property to Islands Trust staff or contractors in order to assess and ensure compliance with the order; and
- pay the full legal costs incurred by the Denman Island Local Trust Committee in enforcing the *Local Government Act* and defending its bylaws.

The case dates from 2005, when the Honourable Mr. Justice Groberman ruled that the Komass Bluff Development Permit Area was valid, in relation to an earlier court action involving the Stonemans and Mr. Dean Ellis, the previous owner of the property. In 2006, the Stonemans applied for and were granted a development permit for their proposed construction, subject to their submission of plans for erosion protection from a geotechnical engineer. However, the Stonemans began construction of a residence without submitting the requested reports. Beginning in 2010 they constructed stairs down the face of Komass Bluff, also without permits. They claimed the bylaws were invalid and that no development permit was required.

In his Reasons for Judgment, the Honourable Mr. Justice Curtis said: "Any person who read Justice Groberman's decision could not fail to understand that his decision was that the Komass Bluff Bylaw was valid and that no person should be in violation of its provisions."

The Court went on to find that: "The Stonemans bought the property intending to build a home on it and live there. When they appeared before Justice Groberman they were well aware of this. They argued that Bylaw 111 [establishing the development permit area] was invalid and

did not apply to their property and they lost that argument. They are now attempting to re-argue the issues having chosen to build without a permit in spite of a court order they ought to have understood very clearly indicated that they were not free to do so."

See chronology and Reasons for Judgment here: <http://www.islandstrust.bc.ca/news/pdf/newsfeb142013.pdf>.

Court of Appeal Decision on Salt Spring Local Trustees' Conflict of Interest Case

In addition to the litigation initiated for bylaw enforcement purposes, the Islands Trust is occasionally involved in defending Local Trust Committees or trustees in regards to litigation initiated by others. The 2012-2013 fiscal year saw the conclusion of a case against two former Salt Spring Island trustees, originally launched in November 2011.

In January 2013, the British Columbia Court of Appeal released its decision in the case, which sought to have two former trustees on Salt Spring Island disqualified from office for conflict of interest. While the decision indicated that the two former trustees voted in a manner contrary to a section of the *Community Charter*, they remained eligible for elected office and were not required to repay funds allocated to the Salt Spring Island Water Council Society or the Salt Spring Island Climate Action Council Society.

In October 2011, a group of Salt Spring Island electors had petitioned the British Columbia Supreme Court, seeking to have then-trustees Christine Torgimson and George Ehring, and then-Electoral Area Director Garth Hendren of the Capital Regional District (CRD), disqualified from holding elected office. Their petition arose because the three elected officials volunteered as members of community groups working on water conservation and climate change issues, but had not declared conflicts of interest before voting to allocate funds to the two community groups.

In his decision about the case in January 2012, the Honourable Mr. Justice MacKenzie of the BC Supreme Court declared that "there is no basis for disqualification" of Ehring and Torgimson from elected office. An earlier court decision had cleared former Director Hendren of all claims; that decision was not appealed.

Eight of the 15 original petitioners appealed the court's decision regarding the former trustees, claiming the Supreme Court judge had made several errors in law. They asked the Court of Appeal to disqualify the former trustees from holding elected office until the next general election or for three years. They also sought a ruling that the former trustees should personally repay funds allocated to the non-profit societies. The appellants were Norbert Fred Schlenker, Ted Bartrim, Alison Mary Cunningham, Harold Derek Hill, Malcolm George Legg, Dietrich Luth, Victoria Linda Mihalyi and Mark Lyster Toole.

The ruling focused on the period in 2011 after the community groups decided to register as societies under the *Society Act* in order to become eligible for funding from the Capital Regional District. Because the former trustees became directors of the newly-formed societies, the Court of Appeal ruled their responsibilities as society directors conflicted with their duties as elected officials. As noted in the decision "whether the respondents derived any personal gain or not, the public did not have the undivided loyalty of their elected officials" and the trustees therefore "voted on questions contrary to s. 101 of the *Community Charter*."

Note: Reasons for judgement: <http://www.islandstrust.bc.ca/news/pdf/newsjan112013.pdf>.

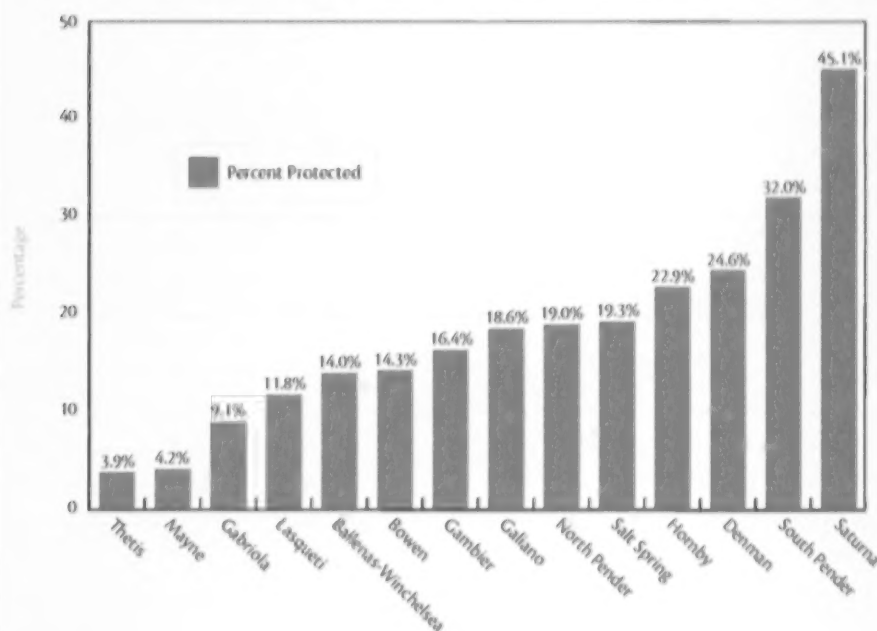
5. Trust Fund Board

The Trust Fund Board administers the Islands Trust Fund, a conservation land trust established in 1990 to preserve endangered landscapes and ecosystems in the Islands Trust Area. The Islands Trust Fund works with Trust Area landowners and communities to protect special places in perpetuity through voluntary land donations, conservation covenants, land acquisition and stewardship education.

Protected Area in the Islands Trust Area

As of March 2013, the Trust Fund Board had protected 1,084 hectares of natural and cultural values on 88 properties. By the same date, public and non-profit conservation organizations had protected more than 16.6% of the Islands Trust Area.

Percent Protected Area by Local Trust Area and Island Municipality at March 2013



Regional Conservation Plan

The Islands Trust Fund's Regional Conservation Plan identifies the region's species and habitats most in need of protection and the actions needed to protect these biodiversity priorities. The 2011-2015 Regional Conservation Plan sets short-term conservation targets for the Islands Trust Fund and its partners that will help achieve the broader vision and long-term goals of the Plan. As of March 2013, the Islands Trust Fund is nearly half way through its five-year Plan. The following is a summary of the Islands Trust Fund's progress in reaching the long-term goals of the Plan in 2012-13:

Goal 1: Protect Core Conservation Areas

The Islands Trust Fund strives to secure core conservation areas (through land donation, direct purchase, and covenants) that conserve biodiversity priorities within the Islands Trust Area. Since adoption of the 2011-2015 Regional Conservation Plan, 64 hectares of the 76 hectares secured by the Islands Trust Fund were mapped as having high conservation value. The following is a summary of those lands secured in 2012-2013.

Nature Reserve Donations

Nature reserves and sanctuaries are owned by the Islands Trust Fund, and managed for ecological preservation. Since 1990, the Islands Trust Fund has received more than 550 hectares of ecologically sensitive land, and now protects those 23 properties as nature reserves and sanctuaries.

Valens Brook Nature Reserve (3.8 hectares)

Dr. Kal Holsti and Marilyn Wan donated the Valens Brook Nature Reserve on Denman Island. Nearly four hectares, the reserve protects a portion of Valens Brook and the diverse riparian forest surrounding it. The creek and surrounding ecosystem support a variety of wildlife including spawning salmon, red-legged frogs, salamanders, Bald Eagles, Great Blue herons, and beavers. By using a Section 99 subdivision, under the *Land Title Act*, Dr. Holsti and Ms. Wan were able to donate the natural portion of their property while retaining a small portion for their own use.

Laughlin Lake Nature Reserve Addition (0.5 hectares)

Laughlin Lake is the largest body of fresh water on Galiano Island. The lake is owned and protected by the Galiano Conservancy Association, and further protected with a conservation covenant held by the Islands Trust Fund and Habitat Acquisition Trust.

In 2013, Ken and Linda Millard donated a portion of their property neighbouring the lake to the Islands Trust Fund, expanding the protected area to include a forested buffer for the lake. Their gift adds another half hectare of permanently protected land to the Laughlin Lake Nature Reserve, increasing the long term integrity of this freshwater ecosystem, which is home to Great Blue Herons, red-legged frogs, and other rare species. The Millards subdivided the natural portion of their property using Section 99 of the *Land Title Act*, retaining a portion of the lot for their own use.

Conservation Covenant Donations

Since 1990, the Islands Trust Fund has helped island landowners protect more than 500 hectares of privately owned land with conservation covenants. Covenants are the best conservation tool currently available to permanently protect natural features on private property while allowing landowners to retain ownership of the land they love. The Islands Trust Fund also offers Islands Trust Area landowners the Natural Area Protection Tax Exemption Program (NAPTEP), a covenant program that provides landowners with an annual 65% property tax reduction on portions of their land protected by a conservation covenant.

Nighthawk Hill NAPTEP Covenant (0.8 hectares)

Andy Nowak and Mary Reher donated a covenant on their North Pender property, permanently protecting Nighthawk nesting habitat. The couple and their children first noticed the threatened species nesting just a few metres from their home. Year after year, the Nighthawks return to this forested ridge-top property and diverse plant ecosystems. By protecting their property through the NAPTEP program, the Rehers were able to reduce their property taxes while permanently protecting this precious habitat from any future development.

Myra Powers NAPTEP Covenant (4.6 hectares)

Tom Knott donated this NAPTEP covenant to protect the mature forest on his Hornby Island property. The covenant protects a forested corridor on the south slopes of Hornby Island, leaving a natural space for animals and plants to migrate between Strachan Valley and the bluffs and Garry Oak grove near the end of a nearby ridge. Tom made the decision to protect his property after seeing how easily nearby properties were logged after they were sold. With a conservation covenant, Tom protected these ecosystems for generations to come while allowing him to continue enjoying his land as private property. The Myra Powers NAPTEP Covenant is the Trust Fund Board's first conservation property on Hornby Island.

Goal 2: Protect Biodiversity in Working Landscapes

The Islands Trust Fund strives to research ways biodiversity priorities can be maintained on lands outside core conservation areas, including working landscapes. Agriculture, forestry and residential development are important parts of island life. Recognizing that not all natural areas on the islands can be preserved in core conservation areas, the Islands Trust Fund is encouraging land uses that respect and maintain the health and integrity of island ecosystems.

In 2012-2013, the Islands Trust Fund launched a redesigned website with new educational content about caring for natural features, intended for private landowners. The new content provides tips, techniques and a library of information from across the web about caring for endangered species, gardening with native species, conserving freshwater, and protecting against invasive species. See <http://www.islandstrustfund.bc.ca/initiatives/privateconservation/land-stewardship.aspx>. The Islands Trust Fund also distributed an informative electronic newsletter to its subscribers with detailed information about invasive species management on private land and resources for assistance.

Goal 3: Conserve Marine Ecosystems

The Islands Trust Fund strives to work with partner organizations to conserve marine ecosystems and habitats. See <http://www.islandstrustfund.bc.ca/initiatives/marineconservation.aspx> for more information on our marine initiatives and for copies of the mapping described below.

In 2012-2013, the Islands Trust Fund mapped forage fish spawning habitat on the shorelines of North and South Pender Islands, and partnered with the Seagrass Conservation Working Group, SeaChange Marine Conservation Society and the Mayne Island Conservancy Society to map nearshore eelgrass habitat in the following areas:

- Gambier Island
- Lasqueti Island
- Mayne Island
- North and South Pender Islands
- Thetis Island and associated islands (except Valdes)

The mapping identifies sensitive nearshore habitat so the Islands Trust Fund can work towards better voluntary stewardship of related upland areas. The mapping was distributed to local trust committees to inform land use planning in communities interested in protecting shoreline habitat. The Islands Trust Fund distributed the mapping to island residents in the Thetis and Gambier Island Local Trust Areas through a series of community workshops in partnership with local trust committees.

In 2012-2013, the Trust Fund Board publicly supported the Southern Strait of Georgia Conservation Network's initiative to advocate for amendments to the proposed Southern Strait of Georgia National Marine Conservation Area Reserve (Parks Canada).

Goal 4: Encourage Local Governments to Prioritize Biodiversity

The Islands Trust Fund strives to work with Islands Trust Council, local trust committees and island municipalities to implement regional conservation goals and objectives within official community plans and land use bylaws. In 2012-2013, the Islands Trust Fund provided ongoing support for Islands Trust Local Planning Services' use of sensitive ecosystem mapping in official community plans and land use bylaws.

Goal 5: Empower Islanders to Conserve the Islands

The Islands Trust Fund strives to encourage islanders to get involved in conservation and steward private land by supporting conservation education and sharing information on best practices. In 2012-2013, the Islands Trust Fund promoted private land conservation through the launch of its new website, the distribution of its newsletter, the Heron, and e-news updates to online subscribers. The Islands Trust Fund distributed information to islanders by hosting display booths at community events and fairs, as well as speaking about conservation covenants at local conservancy events. New communications materials promoting private land conservation were produced and disseminated, including *The Islands Trust Fund's Plan for Conservation*, and a revised *Natural Area Protection Tax Exemption Program* brochure. The Islands Trust Fund also initiated a Twitter feed for up-to-the-minute conservation news.

Goal 6: Building Strong Conservation Partners

The Islands Trust Fund strives to support and enhance the work of conservation partners working in the Islands Trust Area. In 2012-2013, the Islands Trust Fund sponsored island conservancy representatives to attend regional conservation training seminars and networking events by subsidizing registration costs. Islands Trust Fund staff provided coaching services to conservation partners through the following talks/workshops:

- *Small Lot Conservation* (Kate Emmings), Coastal Douglas-fir Ecosystems Workshop
- *Breaking the Mould: Going Beyond the Conservation Covenant Template* (Kate Emmings), Land Trust Alliance of BC Seminar Series
- *Navigating Conservation Site Selection in an Information Rich Area* (Kate Emmings), Garry oak Ecosystems Recovery Team Research Colloquium

Opportunity Fund

The Opportunity Fund raises money from the public to support timely opportunities to protect biodiversity in the Islands Trust Area. The Fund provides support for 'hard to fundraise' costs associated with land protection, or to leverage increased donations for specific land acquisition projects. Grants from the Opportunity Fund support Islands Trust Fund-led acquisitions, as well as acquisitions spearheaded by our partners. The disbursement of funds is guided by the Regional Conservation Plan, and each case is considered by the Trust Fund Board.

In 2012-2013, the Opportunity Fund received \$8,867.30 in donations and \$266.22 in calendar sale proceeds. The Trust Fund Board gave \$2,769.09 to the Lasqueti Island Nature Conservancy to cover legal costs associated with an offer to purchase a waterfront property on Lasqueti. The Trust Fund Board also contributed \$7,000.00 to the Galiano Conservancy Association to cover survey costs associated with a potential land purchase on Galiano Island. The Trust Fund Board also committed \$2,100.00 to the Thetis Island Nature Conservancy for appraisal costs related to a potential property acquisition on Thetis Island.

Geographically Restricted Funds

Some people who donate to the Islands Trust Fund prefer to designate their donation to a specific project or island. To accommodate this request, the Trust Fund Board holds several geographically-specific accounts. In 2012-2013, the Lasqueti Island Acquisition Fund received \$946 in donations.

Goal 7: Take Care of What We Have

Acquiring a property or signing a conservation covenant is just the first step in ecosystem protection. The Islands Trust Fund strives to monitor and manage existing Islands Trust Fund core conservation areas to maintain and enhance existing biodiversity features.

Property Monitoring

The Islands Trust Fund annually monitors the core conservation areas it protects to ensure high natural values are maintained. In 2012-2013, no major problems were found during the monitoring visits. Some opportunities for signage improvements and trail maintenance were noted and initiated.

Property Management

The Islands Trust Fund manages its nature reserves according to management plans, which identify long-term conservation, and in some cases, restoration goals. In 2012-2013, the Islands Trust Fund undertook the following management projects:

- developed the Long Bay Nature Reserve (Gambier) Restoration Plan (ready for implementation in 2013-2014);
- initiated ecological restoration of an eroding slope on the Bachmann NAPTEP Conservation Covenant (Gabriola)
- removed exotic and invasive species from the Morrison Marsh and Lindsay Dickson Nature Reserves (Denman), Trincomali Nature Sanctuary and Laughlin Lake Covenant (Galiano), Vogt Conservation Covenant (Salt Spring), and Long Bay Wetland Nature Reserve (Gambier) through our partnerships with local conservancies, management groups and landowners;
- investigated off-road ATV use on Fairy Fen Nature Reserve, and installed signage (Bowen);
- initiated long-term ecological monitoring of Mt. Trematon Nature Reserve forest restoration (Lasqueti); and
- installed a Vegetative Tertiary Filter wastewater treatment system at the Ruby Alton Nature Reserve (Salt Spring), including restoration of the impacted area.

Covenant Management and Defence Fund

The Trust Fund Board is committed to maintaining and in some cases enhancing the natural areas and features protected by the covenants it holds. To do this, the Board established the Covenant Management and Defence Fund which will provide the financial resources needed to defend and manage our covenants long into the future. It is funded by donations, often by people who care deeply about a certain covenant area. In 2012-2013, the Covenant Management and Defence Fund received \$220 in donations.

The Trust Fund Board administers the Islands Trust Fund, a conservation land trust established in 1990 to preserve endangered landscapes and ecosystems in the Islands Trust Area. The Islands Trust Fund works with Trust Area landowners and communities to protect special places in perpetuity through voluntary land donations, conservation covenants, land acquisition and stewardship education.

As of March 2012, the Trust Fund Board protects 1073 hectares of natural and cultural values on 84 properties.

Conservation Planning

The Islands Trust Fund's Regional Conservation Plan identifies the region's species and habitats most in need of protection and the actions needed to protect these biodiversity priorities. The 2011-2015 Regional Conservation Plan sets short-term conservation targets for the Islands Trust Fund and its partners that will help achieve the broader vision and long-term goals of the Plan.

In the first year of the 2011-2015 Regional Conservation Plan, the Islands Trust Fund focused on the development of a biodiversity mapping model to assist the Trust Fund Board in assessing conservation proposals. Created with the help of landscape ecologist John Gallo and Geographic Information System consultant Randal Greene, the model will be reviewed by a scientific advisory panel over the next 6-9 months. Once complete, the biodiversity mapping model, which is designed to be updated and improved as better information becomes available, will help the Islands Trust Fund meet the remaining goals and objectives of the Regional Conservation Plan. The information may also be used by the Local Trust Committees to identify protected area networks for each local trust area.

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Financial Statements of

ISLANDS TRUST

Year ended March 31, 2013

ISLANDS TRUST

Financial Statements

Year ended March 31, 2013

Financial Statements

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

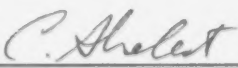
The accompanying financial statements of Islands Trust (the "Trust") are the responsibility of the Trust's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting standards for local governments as established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Trust's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Trust, acting through its Audit Committee, meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by Trust Council. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Trust's financial statements.


Chief Administrative Officer


Treasurer



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INDEPENDENT AUDITORS' REPORT

To the Trustees of Islands Trust and the Minister of Community, Sport and Cultural Development

We have audited the accompanying financial statements of Islands Trust, which comprise the statement of financial position as at March 31, 2013, statement of remeasurement gains and losses, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Islands Trust as at March 31, 2013, and its remeasurement gains and losses, its results of operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

June 12, 2013
Victoria, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

ISLANDS TRUST

Statement of Financial Position

March 31, 2013, with comparative information for 2012

	2013	2012
Financial assets:		
Cash and cash equivalents (note 2)	\$ 3,702,155	\$ 3,494,644
Accounts receivable	88,562	105,458
	<u>3,790,717</u>	<u>3,600,102</u>
Financial liabilities:		
Wages and benefits payable	878,534	943,105
Accounts payable and accrued liabilities	455,141	337,145
Deferred revenue	55,714	87,997
Employee benefit obligations (note 3)	99,130	116,576
Obligations under capital leases (note 4)	43,481	50,714
Cost recovery deposits (note 11(ii))	15,110	29,902
	<u>1,547,110</u>	<u>1,565,439</u>
Net financial assets	2,243,607	2,034,663
Non-financial assets:		
Tangible capital assets (note 5)	124,979	135,158
Prepaid expenses	35,137	30,835
	<u>160,116</u>	<u>165,993</u>
Commitments (note 9)		
Contingent liabilities (note 10)		
Accumulated surplus (note 6)	\$ 2,403,723	\$ 2,200,656

The accompanying notes are an integral part of these financial statements.

On behalf of the Trust Council:



Trustee



Trustee

ISLANDS TRUST

Statement of Operations

Year ended March 31, 2013, with comparative information for 2012

	Budget (unaudited - note 7)	2013	2012
Revenue:			
Property tax - general	\$ 5,929,060	\$ 5,929,199	\$ 5,870,356
Property tax levy - Bowen Island Municipality	165,374	165,374	220,880
Provincial grant - operating	186,998	186,998	349,524
Fees and sales	110,000	110,465	125,403
Interest income	70,000	105,791	94,623
Other income	94,839	52,501	107,516
Total revenue	6,556,271	6,550,328	6,768,302
Expenses (note 8):			
Council services	1,078,349	978,323	1,167,154
Local trust committee services	5,118,760	4,753,668	4,744,401
Trust fund services	635,363	615,270	644,424
Total expenses	6,832,472	6,347,261	6,555,979
Annual surplus (deficit)	(276,201)	203,067	212,323
Accumulated surplus, beginning of year	2,200,656	2,200,656	1,988,333
Accumulated surplus, end of year	\$ 1,924,455	\$ 2,403,723	\$ 2,200,656

The accompanying notes are an integral part of these financial statements.

ISLANDS TRUST

Statement of Change in Net Financial Assets

Year ended March 31, 2013, with comparative information for 2012

	Budget (unaudited - note 7)	2013	2012
Annual surplus (deficit)	\$ (276,201)	\$ 203,067	\$ 212,323
Acquisition of tangible capital assets	-	(52,429)	(31,234)
Acquisition of tangible capital assets through capital lease	-	(7,579)	-
Amortization of tangible capital assets	-	70,187	54,889
	(276,201)	213,246	235,978
Acquisition of prepaid expenses	-	(4,302)	(15,956)
Change in net financial assets	(276,201)	208,944	220,022
Net financial assets, beginning of year	2,034,663	2,034,663	1,814,641
Net financial assets, end of year	\$ 1,758,462	\$ 2,243,607	\$ 2,034,663

The accompanying notes are an integral part of these financial statements.

ISLANDS TRUST

Statement of Cash Flows

Year ended March 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 203,067	\$ 212,323
Items not involving cash:		
Amortization of tangible capital assets	70,187	54,889
Change in non-cash operating assets and liabilities:		
Accounts receivable	16,896	(800)
Wages and benefits payable	(64,571)	(103,378)
Accounts payable and accrued liabilities	117,996	40,142
Deferred revenue	(32,283)	(67,521)
Employee benefit obligations	(17,446)	(5,057)
Cost recovery deposits	(14,792)	(4,105)
Prepaid expenses	(4,302)	(15,956)
Net change in cash from operating activities	274,752	110,537
Capital activities:		
Acquisition of tangible capital assets	(52,429)	(12,580)
Financing activities:		
Principal payments on obligations under capital leases	(14,812)	(12,529)
Increase in cash and cash equivalents	207,511	85,428
Cash and cash equivalents, beginning of year	3,494,644	3,409,216
Cash and cash equivalents, end of year	\$ 3,702,155	\$ 3,494,644
Supplemental cash flow information:		
Assets acquired under capital lease	\$ 7,579	\$ 18,654

The accompanying notes are an integral part of these financial statements.

ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2013

Islands Trust (the "Trust") is incorporated under the Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

1. Significant accounting policies:

The financial statements of Islands Trust are prepared by management in accordance with Canadian public sector accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Trust are as follows:

(a) Reporting entity:

The financial statements include a combination of all the assets, liabilities, revenues, expenses, and changes in fund balances and in financial position of the trust council and the local trust committees.

The Trust occasionally conducts work on behalf of development applicants on a cost-recovery basis. These trust activities are not included in the financial statements.

(i) Consolidated entities:

The Trust does not control any significant external entities and accordingly no entities have been consolidated with the financial statements.

(ii) Funds held in trust:

The Trust administers operations of The Islands Trust Fund. The annual expenses of The Islands Trust Fund are reported by the Trust in accordance with The Islands Trust Act (note 11).

(b) Basis of accounting:

The Trust follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability under section PS 3200 of public sector accounting standards.

Revenue unearned in the current period is recorded as deposits or deferred revenue.

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2013

1. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash and cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition. Investments in the Municipal Finance Authority of British Columbia ("MFA") Bond, Intermediate and Money Market Funds are recorded at cost plus earnings reinvested in the funds. Investment income is reported as revenue in the period earned.

(d) Employee future benefits:

The Trust and its employees make contributions to the Public Service Pension Plan, which provides benefits directly to employees upon retirement. These contributions are expensed as incurred.

A gratuity is also available to employees upon retirement. The cost of this benefit is born by the Public Service Pension Plan.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Furniture and equipment	5
Computers	3
Leasehold improvements	lesser of remaining term of the lease and useful life

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2013

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Amortization is charged annually, including in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Trust's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than the book value of the asset.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Works of art and historical treasures:

Works of art and historical treasures are not recorded as assets in these financial statements.

(iv) Interest capitalization:

The Trust does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(v) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2013

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and estimating historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

(g) Adoption of new accounting policy:

On April 1, 2012, the Trust adopted Public Accounting Standards PS 3410 "Government Transfers." The standards were applied prospectively from the date of adoption. There were no adjustments to accumulated surplus at April 1, 2012 or annual surplus for the year ending March 31, 2012 as a result of the adoption of the new accounting policy.

2. Cash and cash equivalents:

	2013	2012
Bank account balances	\$ 734,012	\$ 778,875
Municipal Finance Authority Bond Fund	2,906,135	2,654,705
Municipal Finance Authority Intermediate Fund	58,902	58,132
Municipal Finance Authority Money Market Fund	3,106	2,932
	<u>\$ 3,702,155</u>	<u>\$ 3,494,644</u>

3. Employee benefit obligations:

The Trust provides sick leave and certain other benefits to its employees and are recorded as follows:

	2013	2012
Vacation pay	\$ 73,488	\$ 93,166
Compensatory time off	25,642	23,410
	<u>\$ 99,130</u>	<u>\$ 116,576</u>

Vacation pay and compensatory time off represent the liability for accumulated banks for draw down at future dates and/or for payout on approved retirement, or upon termination or death.

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2013

3. Employee benefit obligations (continued):

Other pension plans

The Trust and its employees make contributions to the Public Service Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 56,000 active members and approximately 39,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The most recent valuation as at March 31, 2011 indicated an unfunded liability of \$275 million for basic pension benefits. The next valuation will be as at March 31, 2014, with results available in 2015. The actuary does not attribute portions of the unfunded liability to individual employers. Employee and employer contributions to the plan were each increased by 0.40% of salaries effective April 1, 2012 in accordance with the plan actuary's recommendations. Contributions to the plan by the Trust totaled \$283,811 (2012 - \$245,590) during the year.

4. Obligations under capital leases:

The amounts due for obligations under capital leases are as follows:

	2013
2014	\$ 17,335
2015	16,035
2016	7,452
2017	5,543
2018 and thereafter	2,234
Total minimum lease payments	48,599
Less amounts representing interest (at rates ranging from 2.25% to 6.25%)	5,118
Present value of net minimum capital lease payments	\$ 43,481

Interest of \$1,920 (2012 - \$1,617) relating to capital lease obligations has been included in expenses on the statement of operations.

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2013

5. Tangible capital assets:

	Denman Island Site	Furniture and equipment	Computers	Leasehold improvements	Total 2013	Total 2012
Cost:						
Balance, beginning of year	\$ 10,000	\$ 119,272	\$ 103,041	\$ 244,268	\$ 476,581	\$ 445,346
Additions	-	7,579	52,429	-	60,008	31,235
Disposals	-	(7,752)	-	-	(7,752)	-
Balance, end of year	10,000	119,099	155,470	244,268	528,837	476,581
Accumulated amortization:						
Balance, beginning of year	10,000	66,974	80,656	183,793	341,423	286,534
Disposals	-	(7,752)	-	-	(7,752)	-
Amortization expense	-	19,343	31,798	19,046	70,187	54,889
Balance, end of year	10,000	78,565	112,454	202,839	403,858	341,423
Net book value, end of year	\$ -	\$ 40,534	\$ 43,016	\$ 41,429	\$ 124,979	\$ 135,158

Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. There were no contributed assets received during 2013 or 2012.

In fiscal 1994, the Denman Island Ratepayers' Association donated \$10,000 which was used by the Trust to purchase the Denman Island Old School Site from School District #71. The Trust agreed to facilitate the sale of the school site between School District #71 and the Ratepayers' Association and to hold title to the property on behalf of the community. The Denman Island Ratepayers' Association has leased the building on the site from the Trust for 99 years for a total fee of \$10.

6. Accumulated surplus:

Accumulated surplus consists of:

	2013	2012
Invested in tangible capital assets	\$ 81,498	\$ 84,444
General Revenue Fund	2,322,225	2,116,212
	\$ 2,403,723	\$ 2,200,656

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2013

7. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2013 operating budget approved by Trust Council on March 7, 2012. The following reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Operating budget:	
Revenue	\$ 6,832,473
Less appropriation from surplus	(276,202)
	6,556,271
Expenses	6,832,472
Annual deficit	\$ (276,201)

8. Classification of expenses by object:

	2013	2012
Staff salaries and benefits	\$ 3,757,191	\$ 3,692,973
Traveling/training and recruitment	160,912	186,067
Council and trustee costs	801,185	662,698
Office operations	883,645	941,571
Programs	385,797	585,427
Legal	288,344	309,612
Elections	-	122,742
Amortization	70,187	54,889
Total expenses by object	\$ 6,347,261	\$ 6,555,979

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2013

9. Commitments:

(i) Minimum annual lease payments:

The Trust is committed to leases for rented premises. Minimum future payments in the next five years are as follows:

2014	\$	344,760
2015		340,756
2016		281,845
2017		129,934
2018		9,173

(ii) Contracts:

At March 31, 2013, eight contracts were in progress, with outstanding values totalling \$35,305. All contracts are due for completion within six months of March 31, 2013.

10. Contingent liabilities:

In the normal course of operations, claims for alleged damages are made against the Trust. Costs, if any, are recorded when a liability is likely and reasonably determinable.

11. Trust activities:

(i) Trust Fund under administration:

The Trust administers The Islands Trust Fund (the "Fund") which is related through the composition of the Fund's Board. The Fund is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a plan approved by the Ministry of Community, Sport and Cultural Development. The Fund's Board is comprised of three members from Trust Council and up to three members appointed by the Minister of Community, Sport and Cultural Development.

For financial reporting purposes, the Trust and the Fund are reported on separately. These financial statements present the financial position and results of operations of the Trust.

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2013

11. Trust activities (continued):

(i) Trust Fund under administration (continued):

The Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These expenses are summarized as follows:

	2013	2012
Programs	\$ 455,441	\$ 482,248
Board	18,559	19,562
Administration	138,814	142,614
	\$ 612,814	\$ 644,424

(ii) Third party trust funds:

The Trust administers trust activities on behalf of development applicants on a cost-recovery basis. The activities are as follows:

	2013	2012
Cash received during the year	\$ 19,340	\$ 12,743
Cash paid during the year	34,132	16,848

The net payable from development applicants of \$15,110 (2012 - \$29,902) is reported as a liability on the statement of financial position.

Financial Statements of

THE ISLANDS TRUST FUND

Years ended March 31, 2013 and March 31, 2012



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INDEPENDENT AUDITORS' REPORT

To the Trustees of the Islands Trust Fund Board, the Trustees of the Islands Trust Council and the Minister of Community, Sport and Cultural Development

We have audited the accompanying financial statements of The Islands Trust Fund, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statement of remeasurement gains and losses for the year ending March 31, 2013, the statements of operations, changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, The Islands Trust Fund derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Islands Trust Fund. Therefore, we were not able to determine whether, as at March 31, 2013, March 31, 2012 and April 1, 2011 and or for the years ended March 31, 2013 and March 31, 2012, any adjustments might be necessary to revenue and excess of revenue over expenses reported in the statements of operations, excess of revenue over expenses in the statement of cash flows and changes in fund balances and current assets and fund balances reported in the statements of financial position.



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Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Islands Trust Fund as at March 31, 2013, March 31, 2012 and April 1, 2011 and its remeasurement gains and losses for the year ended March 31, 2013, its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants
July 25, 2013
Victoria, Canada

THE ISLANDS TRUST FUND

Statements of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

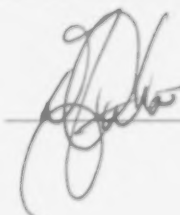
	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	March 31, 2013 Total	March 31, 2012 Total	April 1 2011 Total
						(Schedule 1)	(Schedule 2)
Assets:							
Current assets:							
Cash	\$ 41,612	\$ 60,245	\$ -	\$ -	\$ 101,857	\$ 124,131	\$ 127,991
Short-term investments (note 2)	-	187,497	-	88,000	275,497	264,602	239,470
Inventory of fundraising items	2,288	-	-	-	2,288	2,558	2,708
	43,900	247,472	-	88,000	379,642	391,291	370,169
Land (notes 3 and 5)	-	-	8,026,903	3,594,000	11,620,903	11,284,903	10,394,903
	43,900	247,472	8,026,903	3,682,000	12,000,545	11,676,194	10,765,072
Liabilities:							
Accounts payable	-	-	-	-	-	29,880	14,740
	\$ 43,900	\$ 247,742	\$ 8,026,903	\$ 3,682,000	\$ 12,000,545	\$ 11,646,314	10,750,332
Fund Balances							
Unrestricted	\$ 43,900	\$ -	\$ -	\$ -	\$ 43,900	\$ 44,583	\$ 43,117
Investment in land (note 3)	-	-	8,026,903	-	8,026,903	7,690,903	6,800,903
Internally restricted (note 4)	-	16,124	-	-	16,124	16,052	15,980
Externally restricted (note 4)	-	231,618	-	-	231,618	212,776	208,332
Restricted for endowment purposes (note 5)	-	-	-	3,682,000	3,682,000	3,682,000	3,682,000
	\$ 43,900	\$ 247,742	\$ 8,026,903	\$ 3,682,000	\$ 12,000,545	\$ 11,646,314	\$ 10,750,332

The accompanying notes are an integral part of these financial statements.

Approved by the Trust Fund Board:



Board member



Board member

THE ISLANDS TRUST FUND

Statements of Operations

Years ended March 31, 2013 and 2012

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2013 Total	2012 Total
						(Schedule 3)
Revenue:						
Donations:						
Cash	\$ 8,987	\$ 946	\$ -	\$ -	\$ 9,933	\$ 30,245
Land	-	-	336,000	-	336,000	890,000
Grants	-	3,342	-	-	3,342	-
Rental income	-	10,200	-	-	10,200	9,950
Investment income	188	11,135	-	-	11,323	6,404
Sale of fundraising items	267	-	-	-	267	295
	9,442	25,623	336,000	-	371,065	936,894
Expenses:						
Repairs and maintenance - Alton property	-	6,709	-	-	6,709	35,125
Cost of sales of fundraising items	270	-	-	-	270	150
Bank charges	86	-	-	-	86	39
Donations to conservancy groups	9,769	-	-	-	9,769	5,598
	10,125	6,709	-	-	16,834	40,912
Excess (deficiency) of revenue over expenses	\$ (683)	\$ 18,914	\$ 336,000	\$ -	\$ 354,231	\$ 895,982

The accompanying notes are an integral part of these financial statements.

THE ISLANDS TRUST FUND

Statements of Changes in Fund Balances

Years ended March 31, 2013 and 2012

March 31, 2013	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	Total
Fund balances, beginning of year	\$ 44,583	\$ 228,828	\$ 7,690,903	\$ 3,682,000	\$ 11,646,314
Excess (deficiency) of revenue over expenses	(683)	18,914	336,000	-	354,231
Fund balances, end of year	\$ 43,900	\$ 247,742	\$ 8,026,903	\$ 3,682,000	\$ 12,000,545

March 31, 2012	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	Total
Fund balances, beginning of year	\$ 43,117	\$ 224,312	\$ 6,800,903	\$ 3,682,000	\$ 10,750,332
Excess of revenue over expenses	1,466	4,516	890,000	-	895,982
Fund balances, end of year	\$ 44,583	\$ 228,828	\$ 7,690,903	\$ 3,682,000	\$ 11,646,314

The accompanying notes are an integral part of these financial statements.

THE ISLANDS TRUST FUND

Statement of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 354,231	\$ 895,982
Item not involving cash:		
Donation of land	(336,000)	(890,000)
Changes in non-cash operating working capital:		
Inventory of fundraising items	270	150
Accounts payable	(29,880)	15,140
	(11,379)	21,272
Investing activities:		
Increase in short-term investments	(10,895)	(25,132)
Decrease in cash	(22,274)	(3,860)
Cash, beginning of year	124,131	127,991
Cash, end of year	\$ 101,857	\$ 124,131

The accompanying notes are an integral part of these financial statements.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Years ended March 31, 2013 and 2012

The Islands Trust (the "Trust") is incorporated under The Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

The Islands Trust Fund (the "Trust Fund") is also incorporated under The Islands Trust Act of British Columbia and is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a Trust Fund plan approved by the Ministry of Community, Sport and Cultural Development.

The Trust Fund is administered by the Trust and for financial reporting purposes, the Trust and the Trust Fund are reported on separately. The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These financial statements present the financial position and changes in fund balances of the Trust Fund.

On April 1, 2011, the Trust Fund adopted Canadian Public Sector Accounting Standards ("PSAS"). The Trust Fund has also elected to apply the 4200 standards for government not-for-profit organizations. These are the first financial statements prepared in accordance with Public Sector Accounting Standards.

In accordance with the transitional provisions in PSAS, the Trust Fund has adopted the changes retrospectively. The transition date is April 1, 2011 and all comparative information provided has been presented by applying PSAS.

There were no adjustments to fund balances at April 1, 2011 or excess of revenues over expenses for the year ended March 31, 2011 as a result of the transition to PSAS.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations:

(a) Fund accounting:

The Trust Fund follows the restricted fund method of accounting for contributions.

The Opportunity Fund reports unrestricted resources.

The Restricted Fund reports the assets, liabilities, revenue and expenses related to internally and externally restricted assets.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Trust Fund's capital assets.

The Endowment Fund reports resources that are contributed for endowment purposes.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Years ended March 31, 2013 and 2012

1. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. In the years presented, there are no unrealized gains or losses and as a result no statement of remeasurement gains or losses has been included.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations. All investments held by the Trust Fund are classified as Level 2 investments for fair value measurement and there were no changes in classification in the years presented.

(c) Land:

Purchased land is recorded at cost. Contributed land is recorded at estimated fair value at the date of contribution.

(d) Revenue recognition:

Restricted contributions are recorded as revenue of the appropriate restricted fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recorded as revenue of the Opportunity Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recorded as revenue in the Endowment Fund balance.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Years ended March 31, 2013 and 2012

1. Significant accounting policies (continued):

(d) Revenue recognition (continued):

Interest income earned on Endowment Fund resources is restricted for the purpose of maintaining certain specified property and is recorded in the Restricted Fund. Interest income of internally restricted funds is recorded as revenue of the Restricted Fund. Other interest income is recorded as revenue of the Opportunity Fund when earned.

All other forms of income are recorded as revenue of the Opportunity Fund when received or receivable.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Significant estimates include assumptions used in estimating the fair value of contributed land at the date of contribution. Actual results could differ from those estimates.

(f) Adoption of new accounting policy:

On April 1, 2012, the Trust Fund adopted Public Accounting Standards *PS 3450 - Financial Instruments* and *PS 2601 - Foreign Currency Translation*. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions. All financial instruments are included on the statement of financial position and are measured all at fair value. There were no adjustments recorded to accumulated surplus at April 1, 2012 or net assets for the year ended March 31, 2012 as a result of the adoption of PS 2601 and PS3450.

2. Short-term investments:

Short-term investments consist of a guaranteed investment certificate, short term investment certificate and Municipal Finance Authority of British Columbia ("MFA") Intermediate and Money Market Funds. Investment certificates mature on April 15, 2013 and have interest rates ranging from 1.00% to 1.15%. Investments in MFA Funds are recorded at cost plus earnings reinvested in the funds.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Years ended March 31, 2013 and 2012

3. Land:

	Acquisition date	March 31, 2013	March 31, 2012	April 1, 2011
Inner Island Nature Reserve, Denman Island	1992	\$ 70,000	\$ 70,000	\$ 70,000
Coats Millstone Reserve, Gabriola Island	1994	100,000	100,000	100,000
Medicine Beach Nature Sanctuary, North Pender Island	1996	477,000	477,000	477,000
Cunningham Reserve, Salt Spring Island	1994	265,000	265,000	265,000
Deep Ridge Reserve, Salt Spring Island	1992	255,000	255,000	255,000
Lower Mt. Erskine Nature Reserve, Salt Spring Island	1996	284,000	284,000	284,000
Kwel Nature Sanctuary, Lasqueti Island	1997	195,497	195,497	195,497
Singing Woods Nature Reserve, Bowen Island	1999	157,000	157,000	157,000
Trincomali Nature Sanctuary, Galiano Island	2001	242,406	242,406	242,406
Horton Bayviary Nature Reserve, Mayne Island	2002	210,000	210,000	210,000
Morrison Marsh Nature Reserve, Denman Island	2006	438,000	438,000	438,000
Brigade Bay Bluffs Nature Reserve, Gambier Island	2006	150,000	150,000	150,000
Long Bay Wetland Nature Reserve, Gambier Island	2006	305,000	305,000	305,000
Elder Cedar Nature Reserve, Gabriola Island	2007	658,000	658,000	658,000
Mount Artaban Nature Reserve, Gambier Island	2009	1,177,000	1,177,000	1,177,000
Fairy Fen Nature Reserve, Bowen Island	2011	1,817,000	1,817,000	1,817,000
John Osland Nature Reserve	2012	890,000	890,000	-
Valens Brook Nature Reserve	2013	280,000	-	-
Laughlin Lake Nature Reserve	2013	56,000	-	-
		\$ 8,026,903	\$ 7,690,903	\$ 6,800,903

4. Restricted Fund balances:

	March 31, 2013	March 31, 2012	April 1, 2011
Internally restricted:			
McFadden property	\$ 16,124	\$ 16,052	\$ 15,980
Externally restricted:			
Alton Nature Reserve - maintenance fund	34,537	20,471	20,617
Covenant Defense Fund - interest receivable	-	-	1,217
Covenant Defense Fund	59,992	59,200	57,300
Lasqueti Acquisition Funds	29,747	28,682	28,070
Gambier Acquisition Fund	107,342	104,423	101,128
	231,618	212,776	208,332
	\$ 247,742	\$ 228,828	\$ 224,312

The Covenant Defense Fund was previously named the Marilyn King – Covenant protection endowment.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Years ended March 31, 2013 and 2012

5. Restricted for endowment purposes:

	Acquisition date	March 31, 2013	March 31, 2012	April 1, 2011
Short-term investments:				
Alton Nature Reserve - maintenance	2002	\$ 88,000	\$ 88,000	\$ 88,000
Land:				
Lindsay Dickson Nature Reserve, Denman Island	2001	2,200,000	2,200,000	2,200,000
Alton Nature Reserve, Salt Spring Island	2002	454,000	454,000	454,000
Properties acquired under the Federal Government Ecological Gifts program:				
Mt. Trematon Nature Reserve, Lasqueti Island	2006	320,000	320,000	320,000
David Otter Nature Reserve, Bowen Island	2007	620,000	620,000	620,000
		3,594,000	3,594,000	3,594,000
Total restricted for endowment purposes		\$3,682,000	\$ 3,682,000	\$ 3,682,000

Investment gain on endowment funds for the year of \$7,184 (2012 - \$2,714) has been recorded in the Restricted Fund.

Two properties owned by the Trust Fund Board, the Lindsay Dickson property on Denman Island, and the Alton property on Salt Spring Island, were donated on the condition that the properties be used and managed in certain ways. The Lindsay Dickson property was donated "for so long as the land is used as a nature reserve for the use, benefit and enjoyment of the residents of B.C.". The Alton property is to be held, managed and preserved for its ecological environment and scenic features and not as a recreational park. The residence, gardens and driveway are to be preserved and managed for non-profit purposes.

In the event that these properties are not managed accordingly, the properties could revert to the Province of British Columbia in the case of the Lindsay Dickson Nature Reserve, and to the Executors of the donor's estate in the case of the Alton Nature Reserve.

The Mt. Trematon Nature Reserve property on Lasqueti Island and the David Otter Nature Reserve property on Bowen Island were acquired under the Federal Government Ecological Gift program. Recipients of ecological gifts are responsible for maintaining the biodiversity and environmental heritage values of the property in perpetuity.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Years ended March 31, 2013 and 2012

6. Related party:

The Trust is related to the Trust Fund through the composition of the Trust Fund's Board. The Trust Fund's Board is comprised of three members from the Trust's Council and up to three members appointed by the Minister of Community, Sport and Cultural Development.

The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. The expenses are summarized as follows:

	2013	2012
Programs	\$ 455,441	\$ 482,248
Board	18,559	19,562
Administration	138,814	142,614
	\$ 612,814	\$ 644,424

7. Financial risks and concentration of risk:

The Trust Fund's financial instruments consist of cash, short-term investments and accounts payable. It is management's opinion that the Trust Fund is not exposed to significant interest, currency or credit risk arising from these financial instruments. The maximum exposure to credit risk at March 31, 2013 and March 31, 2012 is the carrying value of cash and short-term investments. The Trust Fund deals with creditworthy counterparties to mitigate credit risk. The Trust Fund manages its liquidity risk by monitoring its operating requirements. Interest rate risk is not significant due to the short term nature of investments held. There have been no significant changes to risk exposure in the years presented.

THE ISLANDS TRUST FUND

Statement of Financial Position

Schedule 1

March 31, 2012

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2012 Total
Assets:					
Current assets:					
Cash	\$ 42,025	\$ 82,106	\$ -	\$ -	\$ 124,131
Short-term investments	-	176,602	-	88,000	264,602
Inventory of fundraising items	2,558	-	-	-	2,558
	44,583	258,708	-	88,000	391,291
Land (notes 3 and 5)	-	-	7,690,903	3,594,000	11,284,903
	44,583	258,708	7,690,903	3,682,000	11,676,194
Liabilities:					
Accounts payable	-	29,880	-	-	29,880
	\$ 44,583	\$ 228,828	\$ 7,690,903	\$ 3,682,000	\$ 11,646,314
Fund Balances					
Unrestricted	\$ 44,583	\$ -	\$ -	\$ -	\$ 44,583
Investment in land (note 3)	-	-	7,690,903	-	7,690,903
Internally restricted (note 4)	-	16,052	-	-	16,052
Externally restricted (note 4)	-	212,776	-	-	212,776
Restricted for endowment purposes (note 5)	-	-	-	3,682,000	3,682,000
	\$ 44,583	\$ 228,828	\$ 7,690,903	\$ 3,682,000	\$ 11,646,314

THE ISLANDS TRUST FUND

Statement of Financial Position

Schedule 2

April 1, 2011

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2010 Total
Assets					
Current assets:					
Cash	\$ 43,816	\$ 61,899	\$ -	\$ -	\$ 105,715
Receivables	-	1,102	-	-	1,102
Short-term investments	-	8,367	-	123,000	131,367
Inventory of fundraising items	2,948	-	-	-	2,948
	46,764	71,368	-	123,000	241,132
Land (notes 2 and 4)	-	-	4,983,903	3,594,000	8,577,903
	\$ 46,764	\$ 71,368	\$ 4,983,903	\$ 3,717,000	\$ 8,819,035
Fund Balances					
Unrestricted	\$ 46,764	\$ -	\$ -	\$ -	\$ 46,764
Investment in land (note 3)	-	-	4,983,903	-	4,983,903
Internally restricted (note 4)	-	15,924	-	-	15,294
Externally restricted (note 4)	-	55,714	-	-	56,074
Restricted for endowment purposes (note 5)	-	-	-	3,717,000	3,717,000
	46,764	71,368	4,983,903	3,717,000	8,819,035
	\$ 46,764	\$ 71,368	\$ 4,983,903	\$ 3,717,000	\$ 8,819,035

THE ISLANDS TRUST FUND

Statement of Operations

Schedule 3

Year ended March 31, 2012

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2012 Total
Revenue:					
Donations:					
Cash	\$ 6,760	\$ 23,485	\$ -	\$ -	\$ 30,245
Land	-	-	890,000	-	890,000
Grants	-	-	-	-	-
Rental income	-	9,950	-	-	9,950
Investment income	198	6,206	-	-	6,404
Sale of fundraising items	295	-	-	-	295
	7,253	39,641	890,000	-	936,894
Expenses:					
Repairs and maintenance - Alton property	-	35,125	-	-	35,125
Cost of sales of fundraising items	150	-	-	-	150
Bank charges	39	-	-	-	39
Donations to conservancy groups	5,598	-	-	-	5,598
	5,787	35,125	-	-	40,912
Excess of revenue over expenses	\$ 1,466	\$ 4,516	\$ 890,000	\$ -	\$ 895,982



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